
Bobo Lo, a former Australian diplomat in Moscow and the director of the China and Russia programs at the Center for European Reform, in London, has written the best analysis yet of one of the world's more important bilateral relationships. His close examination of Chinese-Russian relations -- sometimes mischaracterized by both countries as a "strategic partnership" -- lays bare the full force of China's global strategy, the conundrum of Russia's place in today's world, and fundamental shortcomings in U.S. foreign policy.

China's shift in strategic orientation from the Soviet Union to the United States is the most important geopolitical realignment of the last several decades. And Beijing now enjoys not only excellent relations with Washington but also better relations with Moscow than does Washington. Lo calls the Chinese-Russian relationship a "mutually beneficial partnership" and goes so far as to deem Moscow's improved ties with Beijing "the greatest Russian foreign policy achievement of the post-Soviet period."

Precisely such hyperbole drives the alarmism of many pundits, who believe that the United States faces a challenge from a Chinese-Russian alliance built on shared illiberal values. But as Lo himself argues, the twaddle about Russia being an energy superpower was dubious even before the price of oil fell by nearly $100 in 2008. Even more important, Lo points out that the Chinese-Russian relationship is unbalanced and fraught: the two countries harbor significant cultural prejudices about each other and have divergent interests that are likely to diverge even more in the future. More accurately, the Chinese-Russian relationship is, as Lo puts it, an "axis of convenience" -- that is, an inherently limited partnership conditioned on its ability to advance both parties' interests. But even Lo does not go far enough in his debunking of the Chinese-Russian alliance: he argues that it "is, for all its faults, one of the more convincing examples of positive-sum international relations today." This is doubtful. The relationship may allow the Chinese to extract strategically important natural resources from Russia and extend their regional influence, but it affords the Russians little more than the pretense of a multipolar world in which Moscow enjoys a central role.

STRATEGIC MISTRUST

The year 2006 was the Year of Russia in China, and 2007, the Year of China in Russia, with both states hosting a slew of exhibits, cultural programs, trade talks, and state visits. At the opening ceremony in Moscow in March 2007, Chinese President Hu Jintao remarked, "The Chinese National Exhibition in Russia is the largest-ever overseas display of Chinese culture and economic development." (It is worth noting that every year could be called the Year of China in the United States and that the U.S. consumer market is essentially one endless Chinese National Exhibition.)

By showcasing in Moscow 15,000 Chinese products from 30 industries -- machinery, aviation, ship building, information technology, home appliances -- Beijing sent the message that regardless of the substantial role the Soviet Union played in China's post-1949 industrialization, there is now a new ascendancy, with China enjoying the dominant position. This, in fact, is a return to the historical paradigm -- China has generally set the agenda for relations between the two countries. The Chinese-Russian relationship dates from the Russian conquest of Siberia in the seventeenth century. The Russian empire, then not very rich, sought to trade with China, then the world's wealthiest country. The two empires also discovered a common but often rivalrous interest in crushing the Central Asian nomads, leaving China and Russia with a 2,700-mile border, the world's longest. Since then, this shared border has shifted numerous times and served as a source of intermittent tension. As recently as 1969, the two countries clashed along the Ussuri River, which separates northeastern China from the Russian Far East, and Soviet leaders discussed retaliating with nuclear weapons if China launched a mass assault.

Now, as Lo writes, their relations are, in many ways, better than ever. In June 2005, both sides ratified a treaty settling their border disputes. Cross-border business and tourism are brisk. In 2006, two million Russian tourists went to China and nearly one million Chinese visited Russia.

Still, as Lo subtly demonstrates, the Chinese-Russian "axis of convenience" is bedeviled by "pervasive mistrust" rooted in historical grievances, geopolitical competition, and structural factors. Moreover, it is a secondary axis. China and Russia talk about being strategic partners, but neither actually is central to the other's concerns. China's indispensable partner is the United States; Russia's is Europe or, more specifically, Germany. In 2007, Chinese-Russian trade reached $48 billion, up from $5.7 billion in 1999, making China
Russia's second-largest trading partner after the European Union. But current Russian-EU trade exceeds $250 billion -- the lion's share of it being between Russia and Germany -- and Chinese-U.S. trade exceeds $400 billion. China and Russia, Lo demonstrates, "pay far more attention to the West than they do to each other." Their relationship is opportunistic. As Lo puts it, the two giants "share neither a long-term vision of the world nor a common understanding of their respective places in it."

In addition -- and this is the most important aspect of Lo's argument -- whatever opportunity does exist in the relationship, China is in a better position to exploit it. China extracts considerable practical benefits in oil and weapons from Russia. In return, Beijing flatters Moscow with rhetoric about their "strategic partnership" and coddles it by promoting the illusion of a multipolar world. In many ways, the Chinese-Russian relationship today resembles that which first emerged in the seventeenth century: a rivalry for influence in Central Asia alongside attempts to expand bilateral commercial ties, with China in the catbird seat. Lo politely calls this incongruity an "asymmetry."

GIVING AWAY THE STORE

The profound asymmetry in Chinese-Russian relations is most visibly illustrated by the two countries' roles in the Shanghai Cooperation Organization (SCO), a six-member security group founded in 2001, and by their energy and weapons trades. So far, China has consistently resisted Moscow's lobbying for building the SCO -- whose other members are the former Soviet states of Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan -- into a quasi-military alliance that could counter NATO. In addition, the SCO declined to publicly endorse Russia's account of its August 2008 war with Georgia (Moscow claimed that the Georgian army attacked first, an assertion implicitly recognized even by the U.S. ambassador to Russia). China, it seems, is unwilling to impart any strategic significance to disputes in the Caucasus.

Meanwhile, using the SCO and business investments, China has been making economic inroads into Central Asia, a region that Russia has traditionally considered within its sphere of influence. Chinese companies have been on a buying spree in recent years, making investments throughout Central Asia in minerals, energy, and other industries. Beijing appears to have cracked even the difficult nut of Turkmenistan -- a pipeline now under construction is slated to run from the natural gas fields in Turkmenistan to Xinjiang, in western China. To a large extent, it is Russia's single-minded focus on pushing the United States out of Central Asia -- lobbying Kyrgyzstan, for example, to eject U.S. forces from a military base in Bishkek -- that has allowed China's influence there to grow relatively unhindered. And whereas the United States can scarcely hope to maintain a permanent presence in Central Asia, China can be counted on to stick around.

Lo is doubtful about the prospects of a major Chinese-Russian energy deal. But in February 2009, after his book had gone to press, the two governments signed a deal under which Rosneft, the largest Russian state-owned oil company, and Transneft, the Russian state-owned oil-pipeline monopoly, would get $25 billion from the China Development Bank in exchange for supplying China with 300,000 barrels of oil a day from 2011 to 2030 -- or a total of about 2.2 billion barrels. Factoring in the interest payments the Russian companies will owe on the loan, the deal means that China will pay under $20 a barrel -- less than half the global price at the time of the deal and less than one-third the market price for future deliveries in 2017.

This Chinese money is slated to underwrite the completion of an oil pipeline that will run from eastern Siberia to the Pacific Ocean, with an offshoot going to Daqing to serve the Chinese market. The proposed pipeline would increase roughly to eight percent Russia's share of China's oil imports, up from four percent now. Russian energy companies, laden with debt, lack the capital to build the pipeline by themselves or, for that matter, to drill for new hydrocarbons. With a projected capacity of 600,000 barrels per day, the pipeline is expected to supply Japan with Russian oil, too -- provided enough is available. Still, the $20-a-barrel price borders on the shocking. Considering the perhaps more advantageous energy deals that have been on the table with U.S. and European multinationals, Rosneft and Transeft's deal with China looks like a giveaway. It appears to be a consequence of the obsession many Russian officials have with denying the United States a strategic foothold in Russia's energy sector at all costs -- even if one of those costs is opening themselves up to exploitation by the Chinese.

Energy is not even the most fruitful aspect of China's relationship with Russia. According to U.S. estimates, Russia supplies China with 95 percent of its military hardware, including Kilo-class submarines and Sovremenny-class destroyers. So far, Russian officials have not viewed the buildup of the Chinese navy as a direct threat to Russia; instead, they see it as a potential problem for Japan and the United States. Also, the post-Soviet Russian military was long unable to afford weapons produced by domestic manufacturers, making arms exports a necessity. Still, whatever benefits Russia gained by keeping its defense industry alive while waiting for better times, the benefits to China have been beyond compare. After the Tiananmen Square crackdown in 1989, many of the world's largest arms merchants -- France, the United Kingdom, and the United States -- imposed an arms embargo on China. As Russia moved to fill this gap, China began to reverse engineer weapons systems and pressure Russia to sell it not just the finished products but also the underlying manufacturing technology. For reasons that have yet to be explained publicly, Russian arms sales to China have declined in recent years. Nonetheless, China has the money and remains an eager customer for Russia's
According to Lo, the terms of Chinese-Russian trade “are becoming more unbalanced every year” -- so much so that he compares the role of Russia for China to that of Angola, China’s largest trading partner in Africa. Russia will remain important as long as the weapons and fossil fuels keep flowing (and no economically viable alternatives to hydrocarbons emerge). Lo does not say so explicitly, but in an imagined multipolar world, Russia looks like a Chinese subsidiary. China treats Russia with supreme tact, vehemently denying its own superiority -- a studious humility that only helps it maintain the upper hand.

**WHAT KIND OF PARTNER?**

Lo quotes Yuri Fedorov, a Russian political analyst, who laments that Russia is “doomed to be a junior partner to everyone.” In fact, it is China that has accepted the role of junior partner to the United States, and the payoff has been impressive. It is a calculated position and part of China's global strategy sometimes known as "peaceful rise," a term first introduced by the Chinese leadership soon after the Tiananmen massacre. One vital element of this strategy is for China to take advantage of its de facto strategic partnership with the United States while sometimes swallowing hard in the face of U.S. dominance. China guards its sovereignty no less than does Russia, but, as Lo writes, China, contrary to Russia, "does not deem it necessary to contest Western [i.e., American] interests and influence wherever it finds them." Nor does China view Russia as a strategic counterweight to the United States -- whereas Russia hopes to use China to balance against the United States. Chinese leaders go out of their way to emphasize that China is still a developing country and that the United States will remain the sole global superpower for a long time to come. It is a concession that leaves them ample room to pursue China's interests, and so they see little point in paying the enormous costs of opposing the United States.

The second main element in China's "peaceful rise" strategy is using Russia for all it is worth -- weapons, oil, or acquiescence in China's expanding influence in Central Asia. Under Vladimir Putin, Russia became more practical in its relations with China than it had been under Boris Yeltsin, in the 1990s. Moscow has made sure to trade its support for China's intransigent policies toward Taiwan, Tibet, and Xinjiang for Beijing's endorsement of Russia's heavy-handed approach to combating domestic instability in Chechnya and the North Caucasus. But the deal remains uneven. Moscow's closer ties with Beijing, meanwhile, have not increased its leverage with Washington one iota. By rejecting the role of junior partner to the United States, Russia has, perhaps unintentionally, become China's junior partner -- an arrangement, furthermore, that will last only as long as it is convenient for Beijing. Lo concludes, "Chinas rise as the next global superpower threatens Russia, not with the military or demographic invasion many fear, but with progressive displacement to the periphery of international decision making."

One should not forget China's many vulnerabilities, nor Russia's numerous foreign policy achievements over the last decade. After the abject humiliation of the 1990s, the sovereignty of the Russian state has been restored -- no longer can foreign capitals dictate Russian policy or the appointments of government officials. Russia's annual GDP has soared from a low of $200 billion under Yeltsin to around $1.6 trillion today (a turnaround in which China's insatiable demand for global commodities and manufactures has played an enormous role). Russia enjoys strong relations with France, Germany, and Italy and cultivates these bilateral ties in Europe in order to blunt the collective power of the EU. Its European partners compete with one another for Moscow's favor. At the same time, Russia has -- from its point of view at least -- demonstrated anew its influence in the former Soviet republics.

But despite its revival, Russia, in contrast to China, remains unable to figure out how to benefit from the immovable fact of U.S. power and wealth. Under the Obama administration, the United States has stopped -- for the time being -- approaching Russia as a state to be reformed or disciplined. But a softening in tone cannot make up for the fact that the U.S.-Russian relationship lacks the kind of deep commercial basis that undergirds U.S.-Chinese ties. Although an interest in both Russia and the United States in renewed arms control negotiations may help restart bilateral relations, such gestures are no substitute for the kind of economic interdependence Washington has with Beijing.

The ultimate stumbling block between Russia and the United States -- and what differentiates China from Russia from the United States' perspective -- is the clash over influence in the former Soviet republics. Two factors have led to this clash. The first is that Moscow has lost its empire yet will not relinquish its assertion of "privileged interests" in Georgia, Ukraine, and the other former Soviet republics. Russia's influence in the former Soviet territories -- which remained strong even during Russia's perceived weakness in the 1990s -- has only grown. This reality, moreover, is an outgrowth not of military occupation or of Russia's clumsy bullying but of mutual interests forged through economic ties.

The second factor is that the United States will not cease to view these lands in terms of promoting or defending democracy, even under the Obama administrations more pragmatic foreign policy. Compare, for example, the relatively small role Tibet plays in U.S.-Chinese relations with the disproportionate hold that now-independent countries such as Georgia or Ukraine have on U.S.-Russian relations. For Washington to appear to abandon the nominal democracies living in Russia's shadow for the sake of more constructive...
relations with Russia is politically impossible. No matter how badly those countries misgovern themselves or provoke Russia, a withdrawal of U.S. support would be an abandonment of one of the central tenets of U.S. policy toward the region since the end of the Cold War.

The upshot is that Russia and the United States are left with something of a paradox. Although Washington can refuse to defer to Russia's claim of "privileged interests" in the former Soviet states, it cannot undo the fact that such a Russian sphere of influence does exist, extending to property ownership, business and intelligence ties, television programming, and the Internet. Moscow, meanwhile, cannot hope to both claim its interests in its neighbors and emulate China's approach of accepting the role of junior partner to the United States for practical benefit.

This suggests that "the new geopolitics" Lo promises to illuminate are not so new, after all. As Russia pursues the chimera of a multipolar world, the United States pursues the delusion of nearly limitless NATO expansion. And in the process, both unwittingly conspire to put Russia in China's pocket.

THE TRIANGLE TIPS OVER

Lo's book inspires three broad observations. First, although Russia has been known as the world power that straddles Asia and Europe, today it is China that has emerged as the force to be reckoned with on both continents. Russia's Pacific coast serves not as a gateway to Asia -- as San Francisco and Los Angeles do in the United States -- but as a natural geographic limit. At the same time, China, as the dominant power in East Asia, denies Russia a significant say in the region.

Russia's failure to become an East Asian power over the past several centuries is amplified by emigration from Russia's Far East, where the population has shrunk from a peak of around ten million in the Soviet period to around 6.5 million today. Meanwhile, the population of China's three northeastern provinces directly across the Russian border is estimated at 108 million and growing. As Dmitry Rogozin, now Russia's ambassador to NATO, quipped on Russian radio in 2005, the Chinese are crossing the border "in small groups of five million." Actually, as Lo indicates, the number of Chinese residents in Russia -- mostly laborers and petty traders -- is probably only between 200,000 and 400,000. Yet Rogozin's quote reflects domestic anxieties about Russia's weak footprint in Asia, a problem for which Russia has no discernible strategy. And on Russia's western border, China's relations with Europe are at least good as Russia's. In other words, Russia's bluff of maintaining an influential presence in Asia is becoming an ever more pronounced strategic weakness.

Second, not only has China shifted its strategic alliance from the Soviet Union to the United States; it has learned how to have its cake and eat it, too. China manages to preserve relations with its Cold War patron, Russia, while hitching its growth to the world's current hegemon, the United States. From 1949 until the Sino-Soviet split in the 1960s, China was an eager junior partner to the Soviet Union, slavishly imitating the Stalinist developmental model. In 1972, the courting of Mao Zedong by Richard Nixon and Henry Kissinger opened up a global option for China that Mao's successors would later exploit. Under Deng Xiaoping, who in 1979 became the first Chinese Communist leader to visit the United States, China began to forge its de facto strategic alliance with the United States. Then, under Jiang Zemin, a post-1991 rapprochement with Russia became a major additional instrument for Beijing. It is as if China went to the prom with one partner, Russia, went home with another, the United States, and then married the latter while wooing its jilted original date as a mistress.

Third, although the Soviet Union ultimately capitulated to the United States in the Cold War, Russia today does not feel compelled to similarly bow down to the United States. Such a proud stance may not offer many rewards for Russia, but it does confront the United States with some difficult policy questions. Simply put, if Moscow's fantasy is multipolarity, Washington's own delusion has been the near-limitless expansion of NATO. That game, however, is exhausted. For years, the cogent argument against continued NATO expansion was not that it would anger the Russians -- after the Soviet collapse, the Russians were going to emerge angry regardless. Rather, the problem was that the bigger NATO became, the weaker it got. Poland agreed to install Patriot missile interceptors -- a U.S. and not a NATO missile defense system -- only because the United States provided Poland, a member of NATO, with a security guarantee above and beyond that offered by the NATO charter. What, then, is NATO for? Russia will never join, and for all its historic achievements, NATO is not up to solving the contemporary security dilemmas of Europe, such as those linked to energy, migration, and terrorism.

Russia has recovered from its moment of post-Soviet weakness but nonetheless remains a regional power that acts like a global superpower. China, on the other hand, has been transformed into a global superpower but still mostly acts like a regional power. Meanwhile, the United States is still busy trying to consolidate its triumph in the Cold War 18 years on. Recently, many people in Russia and the United States have begun to speak of a "new Cold War." This idea, however, is doubly wrong -- wrong because Russia, a regional power, cannot hope to mount a global challenge to the United States, and wrong because the old Cold War tilting never went away, with the battleground merely having been downsized, shifting from the whole globe to Kiev and Tbilisi.

There are domestic advantages for the Russian regime in continuing to talk of a new Cold War. But what
does a preoccupation with the supposed Russian menace do for the United States? And alternatively, what would the United States gain from resetting U.S.-Russian relations? At the moment, the most important U.S. policy questions are domestic, not foreign, and Russia will be of little help in solving them. Russia has no role to play in reforming the U.S. health-care system -- whose cost structure is the single greatest threat to U.S. power and prosperity -- nor can it help fix the crumbling U.S. retirement system. If the United States were to imitate China and indulge Russia in its fantasy about its own global relevance, it would not realize the same kind of concrete benefits the Chinese get. On the international front, although many in Washington see Moscow as Tehran's main backer -- even though China has deeper commercial ties to Iran -- Russia does not have the leverage over Iran to forestall the development of that country's nuclear weapons program.

The overall importance of Russia for the United States, then, is widely exaggerated. There is one crucial exception, however, an area in which Russia's power has not depreciated: in Europe, Russia remains a dominant force, and its strategic weight in the region is reason alone for the United States to pursue better bilateral relations. During the Crimean War of 1853-56, Lord Palmerston, the British prime minister, fantasized that "the best and most effectual security for the future peace of Europe would be the severance from Russia of some of the frontier territories acquired by her in later times, Georgia, Circassia, the Crimea, Bessarabia, Poland and Finland... She would still remain an enormous power, but far less advantageously posted for aggression on her neighbors." This flight of imagination has since become reality, and then some. But still, Russia remains a regional force. Indulging the claims that Russia's recent revival is solely attributable to oil -- a code word for "luck" -- or that Russia's demographic problems will make the country essentially vanish cannot alter the fact that enduring security in Europe cannot be had without Russia's cooperation or in opposition to Russia. An expanded NATO, meanwhile, is not providing the enduring security it once promised. It is only a matter of time before a crisis, perhaps on the territory of a former Soviet republic and now NATO member, exposes NATO'S mutual defense pact as wholly inoperative.

There is another reason the United States should care about Russia: because China does. As Lo writes, "China will become steadily (if cautiously) more assertive, initially in East Asia and Central Asia, but eventually across much of Eurasia." In other words, even under a strategy of a peaceful rise, China will increasingly force the United States to accommodate Chinese power. China's development of a blue-water navy recalls the rise of the German navy in the years before World War I, a process that unnerved the United Kingdom, then the world's great power. It seems that China is already trying to recalibrate the balance of power in East Asia, as evidenced by its harassment of the Impeccable, a U.S. Navy surveillance ship, in the South China Sea in March 2009. In the event of a crisis, China does not want its thoroughly globalized economy to be vulnerable to a blockade by either the Japanese navy or the U.S. Navy, and it likely envisions being able to hinder U.S. access to the Taiwan Strait. Meanwhile, China is counting on the Russian navy's not rising again in East Asia and on continued strained ties between Japan and Russia over the disputed Kuril Islands, a few rocks in the Pacific Ocean.

In the end, there can be no resetting of U.S.-Russian relations without a transcending of NATO and the establishment of a new security architecture in Europe. And without such a genuine reset, China will retain the upper hand, not only in its bilateral relationship with Russia but also in the strategic triangle comprising China, Russia, and the United States.  

ADDED MATERIAL

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