

Inquiring Minds topic – 6 June 2014

Betty Bainbridge, Moderator

Treacherous Triangle

China, Russia, the United States, and the New Superpower Showdown

May 22, 2014 — Council on Foreign Affairs (<http://www.foreignaffairs.com>)

By David Gordon and Jordan Schneider. DAVID GORDON is the Chairman and Head of Research at the Eurasia Group and former Director of Policy Planning at the State Department. JORDAN SCHNEIDER is a Researcher at Eurasia Group in the US and Global Macro practices.

This week, Russian President Vladimir Putin has been in China, looking to deepen ties between his country and his neighbor to the south. The trip could mark the start of a new era in U.S.-Russian-Chinese relations, the trilateral relationship that dominated the final decades of the Cold War and is now making a comeback. After Russia's aggression in Crimea, Moscow and Washington are locked in conflict. Beijing has thus become the new fulcrum, the power most able to play one side off the other.

It is hard to overstate just how significant the shift could be. During the Cold War, the United States capitalized on the constant, at times extreme, Sino-Soviet tension. Thanks to the United States' closer relations with China, first illustrated during U.S. President Richard Nixon's famous 1972 visit to Beijing, the Soviet Union feared total isolation. It consequently became more willing to accommodate U.S. demands. American leverage increased, manifesting itself in the U.S.-Soviet agreement on the first Strategic Arms Limitation Treaty just three months after Nixon's trip, and in the Helsinki Accords three years later. In return for Chinese support, Washington gradually normalized its dealings with Beijing, culminating in 1979 in the reestablishment of diplomatic relations, which had been suspended after the communist takeover.

The dissolution of the Soviet Union and the shock of Tiananmen Square marked the end of the first era of triangulation. In the post-Cold War unipolar era, the United States did not need to use a reeling Russia against an internally focused China to achieve its goals. But, thanks to China's rise as a major power and Russia's newfound assertiveness, trilateral dynamics are back. This time, though, the United States isn't the dominant player.

CHINA'S CHOICE

If animosity between China and the Soviet Union defined trilateral relations during the Cold War, today it is U.S.-Russian tensions that drive the triad's dynamics. Clashing interests, a real ideological divide, and the likely escalation of U.S. sanctions will add to the strain. Unlike U.S. President Barack Obama at the start of his first term, though, the next president will not likely attempt a "reset" with Russia, if only to avoid the domestic political blowback. Likewise, Putin has his own reasons for keeping tensions high;

he would like to stir up nationalism to preserve his popularity at home, especially in the face of continued economic contraction.

Between these two clashing powers lies China. As the nation in the triad with the broadest policy options, China is positioned to play Russia and the United States off each other, much as the United States did with China and Russia in years past.

Putin has hoped to convince China to use its influence to provide Russia significant economic and political support. In that, he is likely to be disappointed. For one, the two sides don't have the same strategic goals. China wants global respect for its peaceful rise to great power status. Russia wants to challenge and undermine the West at every opportunity. Further, China sees the United States as its most important partner because of the two nations' economic interdependence. In other words, even as China balances between the United States and Russia, it won't risk provoking a real falling out with the United States. It will, however, drive hard bargains and extract concessions from both sides, particularly from Russia.

For example, Putin would like China to legitimize Russia's aggressive regional stance. To this, China won't say "no," but it won't say "yes" either. The last thing the country would want to do is lend public support to the principle that issues of sovereignty can be decided through referenda. The spillover effects in Hong Kong, Inner Mongolia, Taiwan, Tibet, and Xinjiang would be too severe. What Russia can reasonably expect, though, is for China's leaders to maintain their benign neglect, continuing to abstain on UN votes against Russia and undermining Western sanctions.

Putin has also been looking to dramatically expand Russia's role as an energy provider to Beijing, which would create leverage for Russia in its energy dealings with Europe. And, after a decade of false starts, during the first part of Putin's trip to China, Moscow and Beijing did ink an agreement for the "Power of Siberia" pipeline, presaging a new phase in bilateral energy relations. On this issue, Moscow's desire to expand energy exports intersects with Beijing's search for greater energy security. And although Russia secured some \$25 billion in prepayment to finance the pipeline -- very important in the face of Western sanctions -- China got the better deal. Russia will supply it natural gas at significantly lower-than-market rates, saving China tens of billions of dollars and pushing down the price of gas across Asia.

In addition to energy, China would like Russia to make it easier for Chinese firms to invest in Russia and sell to Russians. For China, Russia's middle class economy is a huge market opportunity, especially now that Western firms have started to defer investment there. Russia, fearful of competition, has tended to restrict access to the Russian market for Chinese companies. But in the new geopolitical triangle, Russian and Chinese economic interests will converge; Moscow is already loosening restrictions on Chinese investment and will likely speed up the process.

China might also ask Russia for access to Russia's most advanced military technology. Moscow has been reluctant to sell Beijing its highest-end materiel, partially out of fear that China might someday use these weapons against Russia. Russia might now be more willing to share some technology in return for strategic concessions, but such a policy shift will be gradual. And it might have spillover effects outside of the triangle, for instance driving India into the arms of U.S. arms manufacturers in its search to match China's increased military capabilities.

TRIFECTA

Just as the United States was emboldened by its lead position in the U.S.-Russian-Chinese triad during the Cold War, so too will China's resolve increase as Russia pursues its affections. For instance, China might become less eager to liberalize its foreign investment policy, something the United States has long wanted as a way to drive down the bilateral trade deficit. With new economic opportunities to China's north, it simply won't be as desperate for U.S. money. And the more Russia opens up its technological storehouse, the more willing China will be to press its interests in the South and East China Seas.

Unlike during the Cold War, however, when Washington's rapprochement with Beijing pressured Moscow to change many aspects of its global policy, the closer Russian-Chinese relationship is unlikely to change U.S. policymakers' calculations on most major U.S.-Chinese issues. Thus, the dynamics of the new triangle will not exactly mimic the old.

A rising China supported by a desperate Russia will make for a formidable geopolitical pair. Even so, the United States will not weaken its commitments to its allies, such as Japan and the Philippines, in the face of increased Chinese confidence. It will continue to pursue its flagship regional trade deal, the Trans-Pacific Partnership. And it will press China on its state-sponsored commercial espionage with increasing vigor. Unlike the Soviet Union, the odd nation out in the first triangle relationship, the United States today has the military, financial, and political strength -- coupled with a global network of alliances -- to stand on its own. But an emboldened Beijing will nevertheless make it harder for the United States to maintain its current position as the Pacific's regional balancer.

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China's junior ally in the Kremlin

May 21, 2014 – Financial Times

Gas deal with Beijing underscores Russia's weakness

Russia, China and the US have long formed what diplomats call a "strategic triangle" in international affairs. History shows that if two of these states forge a strong bilateral relationship, the third risks being isolated on the big foreign policy issues of the day.

President Richard Nixon's unexpected "opening to China" in 1972 was the most striking example of how this geopolitical network operates. The rapprochement between Washington and Beijing wrong-footed the Soviet Union, and helped the west to put pressure on the USSR in the late stages of the cold war.

Now it is the US that is being excluded within the triangle. It has taken a hostile approach to both Russia and China over the crisis in Ukraine and alleged Chinese cyber espionage. Moscow and Beijing have responded by engaging in a diplomatic rapprochement that threatens to rebuff the US and complicate western diplomacy.

Vladimir Putin's visit to China this week was supposed to reaffirm the budding strategic ties between Moscow and Beijing. And in many ways it did precisely this. After years of complex negotiations, Putin will return home with a massive energy deal between Gazprom and China National Petroleum Corp under his belt. But while the deal to supply China with gas over the next decades is a significant landmark in Sino-Russian relations, it's still premature to speak of a burgeoning Moscow-Beijing axis vis-à-vis the West.

Although details of the deal are not yet public, it is safe to assume China was able to push Russia to get a very good price. Sensing Russian strategic weakness at the moment, the energy deal underscores China's growing confidence vis-à-vis Russia – a sentiment that has only been reinforced by recent events in Ukraine. This is bad news for Russia but good news for China – and perhaps also for the West if it can play its cards right.

Indeed, several factors underscore why Beijing's view of Russia is correct. First, China knows about Russia's struggling economy (the IMF already considers the country to be in a technical recession) and its strong dependence on energy exports to Europe, which makes it extremely vulnerable to demand shifts. With 60 percent of its revenue coming from European markets, Gazprom has plenty of reasons to be worried by the renewed calls for European energy security and independence from Russia. In June 2008, Gazprom was valued at \$360 billion; now the market value of Russia's gas export monopoly is just \$97.7 billion. Add to this the sanctions that have been imposed in the wake of the crisis in Ukraine, which are now also beginning to take a toll on the Russian economy: already some \$45-50 billion has been moved out of Russia since January 2014, and more should be expected unless the crisis is resolved.

Finding a new energy export market is therefore of critical importance to Russia. Sixty percent of Russia's state income is derived from oil, gas and coal sales. China's voracious demand for energy makes it an ideal customer from a Russian point of view, although China currently only gets 9 percent of its oil imports and 1 percent of its gas from Russia. Of course, China likewise is open to new economic cooperation and Russian energy. Although it must be uncomfortable with Putin's current behavior in Ukraine, China also sees the benefits of a closer strategic partnership with Russia, as illustrated by the two countries' multiple "double-vetoes" in the Security Council in recent years, including the one this week on Syria.

But with Russia progressively isolated and looking for new energy consumers, China is confronted with a wider strategic reality. It can help fuel its burgeoning economy with Russian gas, depending less on the unstable Middle East and Africa, and utilizing Russia's weaker bargaining position to negotiate favorable terms. This is exactly what happened during Putin's visit to Beijing. Moreover, having Russia as a declining power rather than a potential aggressive rival strengthens China's role as major power in Central and East Asia – areas where China and Russia don't always see eye to eye.

Meanwhile, China sees the three other major players on the grand chessboard – the United States and Europe on the one side, and Russia on the other – now drifting further apart, and with that the entire post-Cold War order in which Russia and the West maintained important bridges. Finally, the Ukraine crisis has also succeeded in strengthening the transatlantic alliance. This is illustrated by the use of Western sanctions against Moscow, renewed NATO commitments to Central and Eastern European countries, and the growing discussion of potential U.S. energy exports to Europe.

These perceptions help account for China's carefully calibrated position on Russian behavior in Crimea. China has sent signals of support to Russia on Ukraine, albeit quietly given its own separatist movements in Tibet and Xinjiang. This approach has cleverly allowed China to appear hostile to neither the West nor Russia. The recent visit of President Xi Jinping to Europe during the time of the Crimean referendum shows China's desire to pursue good relations with the EU and Russia simultaneously.

China, in other words, appears to be the biggest winner of the Ukrainian crisis while Russia might be its biggest loser, in part because of the economic burden from Eastern Ukraine and Crimea, but also as a consequence of Russian international isolation instigated by Western powers.

But where does that leave the West?

Clearly, the West must capitalize on the growing asymmetry in Sino-Russian relations. The reason Russia is reorienting itself from Europe to Asia is because it seeks a closer strategic partnership with China to confront the Western-led international system. The West must make sure this confrontation does not materialize. This requires continuing to pressure Russia's economy and its regime with sanctions and beefing up NATO's presence in Europe. But it also requires improving transatlantic cohesion. This can be done, for instance, by completing an ambitious Trans-Atlantic Trade and Investment Partnership agreement. In trying to find a common policy to address the Ukrainian crisis, Europe and America must also avoid the kind of collateral damage they suffered over the Iraq crisis in 2003.

The West must also defend Ukraine territorial integrity by bringing China and its own territorial integrity concerns into the equation. Here, the potential common ground between the West and China when it comes to Ukrainian sovereignty should be exploited further. In other words, asking Beijing to put pressure on Russia is a good step to encircle Russia while recognizing the Chinese role in international security. The West must also open the door to closer cooperation between NATO, the EU and China, sending a message to Moscow that NATO and the EU are not in decline and will remain significant players in Central Asia after the Afghanistan withdrawal. Neither China nor the U.S. and Europe are interested in chaos in Afghanistan-Pakistan after 2014. Ultimately, encouraging China to be a responsible stakeholder and a core part of the global system would also help set an important precedent for Russia to follow at a time when its relations with the West are spiraling off course.

Clearly, Russia is the West's biggest immediate concern right now. In the long run, though, a rising China is a more serious strategic challenge than is a declining Russia. Utilizing the pragmatic emerging power China to put pressure on the revisionist power Russia, while also taking steps to ensure a good working relationship with Beijing and reassuring America's Pacific allies, is clearly a win-win strategy for the West going forward.

Erik Brattberg is a Resident Fellow at the Brent Scowcroft Center on International Security at the Atlantic Council in Washington, DC and an associated Researcher at the Swedish Institute of International Affairs in Stockholm. Bernardo Pires de Lima is a Non-Resident Fellow at SAIS Center for Transatlantic Relations at the Johns Hopkins University in Washington, DC, and a Researcher at the Portuguese Institute of International Relations in Lisbon.