

**HEARING ON AN EMERGING CHINA-RUSSIA AXIS?  
IMPLICATIONS FOR THE UNITED STATES IN AN ERA OF  
STRATEGIC COMPETITION**

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**HEARING**  
**BEFORE THE**  
**U.S.-CHINA ECONOMIC AND SECURITY REVIEW COMMISSION**

**ONE HUNDRED SIXTEENTH CONGRESS**  
**FIRST SESSION**

**THURSDAY, MARCH 21, 2019**

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**UNITED STATES-CHINA ECONOMIC AND SECURITY REVIEW  
COMMISSION**

**WASHINGTON: 2019**

# U.S.-CHINA ECONOMIC AND SECURITY REVIEW COMMISSION

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The Commission’s full charter is available at [www.uscc.gov](http://www.uscc.gov).

April 11, 2019

The Honorable Chuck Grassley  
*President Pro Tempore of the Senate, Washington, DC 20510*  
The Honorable Nancy Pelosi  
*Speaker of the House of Representatives, Washington, DC 20515*

Dear Senator Grassley and Speaker Pelosi:

We are writing to notify you of the Commission's March 21, 2019 public hearing on "An Emerging China-Russia Axis? Implications for the United States in an Era of Strategic Competition." The Floyd D. Spence National Defense Authorization Act for 2001 § 1238, Pub. L. No. 106-398 (as amended by the Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015 § 1259b, Pub. L. No. 113-291) provides the basis for this hearing.

At the hearing, the Commissioners received testimony from the following witnesses: Robert Sutter, Ph.D., Professor of Practice of International Affairs, Elliott School of International Affairs, George Washington University; Richard Weitz, Ph.D., Senior Fellow, Director of Center for Political-Military Analysis, Hudson Institute; Richard Weitz, Ph.D., Senior Fellow, Director of Center for Political-Military Analysis, Hudson Institute; Jeanne Wilson, Ph.D., Shelby Cullom Davis Professor of Russian Studies, Chair of Political Science Department, Wheaton College; Stephen Blank, Ph.D., Senior Fellow for Russia, American Foreign Policy Council; Pranay Vaddi, J.D., Fellow, Nuclear Policy Program, Carnegie Endowment for International Peace; Marlene Laruelle, Ph.D., Director of Central Asia Program and Institute for European, Russian, and Eurasian Studies, George Washington University; Andrea Kendall-Taylor, Ph.D., Senior Fellow, Director of Transatlantic Security Program, Center for a New American Security; and Rebecca Pincus, Ph.D., Assistant Professor, Strategic and Operational Research Department, U.S. Naval War College. The following submitted statements for the record: Robert Sutter, Ph.D., Professor of Practice of International Affairs, Elliott School of International Affairs, George Washington University; and Samuel Charap, Senior Political Scientist, the RAND Corporation.

This hearing explored the China-Russia relationship and its implications for U.S. national security interests. The first panel examined areas of strategic, military, and economic cooperation between China and Russia, and the second panel assessed the potential limits and barriers to cooperation in these areas. The third panel examined current and future China-Russia interaction in Central Asia, the Middle East, and the Arctic.

The full transcript of the hearing, prepared statements, and supporting documents are posted to the Commission's website, [www.uscc.gov](http://www.uscc.gov). Members and the staff of the Commission are available to provide more detailed briefings. We hope these materials will be helpful to the Congress as it continues its assessment of U.S.-China relations and their impact on U.S. security.

The Commission will examine in greater depth these issues and the others in our statutory mandate this year. Our 2019 Annual Report will be submitted to Congress in November 2019. Should you have any questions, please do not hesitate to have your staff contact one of us or our Congressional Liaison, Leslie Tisdale Reagan, at 202-624-1496 or [lreagan@uscc.gov](mailto:lreagan@uscc.gov).

Sincerely yours,



Carolyn Bartholomew  
*Chairman*



Robin Cleveland  
*Vice Chairman*

cc: Members of Congress and Congressional Staff

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THURSDAY, MARCH 21, 2019

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**WHAT KEEPS XI UP AT NIGHT:  
BEIJING'S INTERNAL AND EXTERNAL CHALLENGES**

THURSDAY, MARCH 21, 2019

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U.S.-CHINA ECONOMIC AND SECURITY REVIEW COMMISSION

*Washington, DC*

The Commission met in Room 419 of Dirksen Senate Office Building, Washington, DC at 9:30 a.m., Chairman Carolyn Bartholomew and Commissioner Roy Kamphausen (Hearing Co-Chairs) presiding.

**OPENING STATEMENT OF COMMISSIONER KAMPHAUSEN  
HEARING CO-CHAIR**

CHAIRMAN BARTHOLOMEW: All right, good morning, everybody. Dr. Weitz is actually having a little bit of transportation issues, but he is on his way. So I think what we'll do is, we'll just go ahead and get started, and then he can slip in and join us.

First, I just wanted to welcome everybody, but I'm going to turn it over to my co-chair, Commissioner Kamphausen. I think this is the first hearing that you have co-chaired, so it's been a pleasure working with you, and we look forward to hearing from all of our witnesses.

COMMISSIONER KAMPHAUSEN: Good morning, everyone, and welcome to the third hearing of the U.S.-China Economic and Security Review Commission's 2019 Annual Report Cycle. Thank you all for joining us today. Our hearing will examine the growing alignment between China and Russia and the implications of their closer relationship for the United States and our allies and partners.

Beijing and Moscow share a complicated history as neighboring rivals. Since World War II, bilateral ties have swung dramatically from alliance in the early Cold War period to open conflict two decades later, settling now to a more stable relationship.

In order to understand the state of Sino-Russian ties today it is thus useful to first briefly recount the history of their relationship. In the first decade after the establishment of the People's Republic of China in 1949, Beijing and Moscow maintained an alliance based on common ideology and a shared perceived threat from the United States and her democratic allies.

During this time, the two provided massive assistance to revolutionary regimes across Asia, ultimately resulting in violent confrontation with the United States during the Korean War.

Between 1956 and 1962, however, the Sino-Soviet alliance deteriorated due to political and ideological differences, including over leadership of the worldwide Communist movement and over how to interact with the United States in the West.

Known as the Sino-Soviet Split, this was arguably the most crucial strategic development of the Cold War period, even if not well-appreciated in the West at the time. The downturn in bilateral relations culminated in a series of armed border skirmishes in 1969 that resulted in hundreds of deaths and nearly led to nuclear war between the erstwhile allies.

The collapsed of the Sino-Soviet relationship created the strategic opportunity that

President Nixon seized in 1972 to pursue normalization of bilateral relations between the U.S. and the People's Republic of China.

The severely-strained Sino-Soviet relationship never recovered. It was not until after the fall of the Soviet Union in 1991 that the new and ostensibly democratic Russian Federation and a China weakened by the post-Tiananmen Square massacre fallout, took constructive steps to restore normal bilateral relations.

In 2001, Beijing and Moscow signed a 20-year Friendship Treaty that helped the two sides shelve differences and expand cooperation. Notably, the two countries also finally settled their lingering border disputes, resolving a long-standing strain in the relationship.

Since then, three key developments have accelerated the growing alignment between China and Russia. First, the 2008 global financial crisis created a strategic opportunity for Beijing and Moscow in light of their common perception of U.S. decline and the dangers of over-reliance on the West to deepen cooperation.

As European banks were unable to bail out major Russian energy firms in financial trouble, Chinese lenders stepped in to provide these companies long-term loans, fostering growing energy ties.

Second, the rise to power of Chinese President Xi Jinping in 2012 to 2013 and return of office of Russian President Vladimir Putin in 2012 invigorated China and Russia's growing alignment. The authoritarian tendencies and shared world views of the two leaders have helped improve bilateral coordination while managing their differences.

And finally, Western sanctions on Russia after its 2014 annexation of Crimea led Moscow, increasingly isolated from the United States and the West, to significantly strengthen its engagement with Beijing.

It is clear that China and Russia have overcome a difficult past to build the mutually-beneficial relationship they have today. Their growing cooperation has important implications for the United States, and this is what we want to come to grips with during our hearing. To our witnesses -- Dr. Weitz, good morning -- thank you for being here to share your insights on the China-Russia relationship. I look forward to hearing from each of you.

I would also like to thank the Senate Foreign Relations Committee for securing this room for our use today. I will now turn the floor over to my colleague and co-chair for this hearing, Chairman Bartholomew.

## **PREPARED STATEMENT OF COMMISSIONER KAMPHAUSEN HEARING CO-CHAIR**

Good morning, and welcome to the third hearing of the U.S.-China Economic and Security Review Commission's 2019 Annual Report cycle. Thank you all for joining us. Today, our hearing will examine the growing alignment between China and Russia and the implications of their closer relationship for the United States and our allies and partners.

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Between 1956 and 1962, however, the Sino-Soviet alliance deteriorated due to political and ideological differences, including over leadership of the worldwide Communist movement and over how to interact with the United States and the West. Known as the Sino-Soviet split, this was arguably the most crucial strategic development of the Cold War period, even if not well-appreciated in the West at the time. The downturn in bilateral relations culminated in a series of armed border skirmishes in 1969 that resulted in hundreds of deaths, and nearly led to nuclear war between the erstwhile allies. The collapse of the Sino-Soviet relationship created the strategic opportunity that President Nixon seized in 1972 to pursue normalization of bilateral relations between the U.S. and the People's Republic of China.

The severely strained Sino-Soviet relationship never recovered. It was not until after the fall of the Soviet Union in 1991 that the new and ostensibly democratic Russian Federation and a China weakened by the post-Tiananmen Square Massacre fallout took constructive steps to restore normal bilateral relations. In 2001, Beijing and Moscow signed a 20-year friendship treaty that helped the two sides shelve differences and expand cooperation. Notably, the two countries also finally settled their lingering border dispute, resolving a longstanding strain in the relationship.

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## **OPENING STATEMENT OF CHAIRMAN BARTHOLOMEW HEARING CO-CHAIR**

CHAIRMAN BARTHOLOMEW: Thank you very much, Roy. I appreciate everybody being here on this really miserable day, but we have some special guests that I wanted to acknowledge. Commissioner Kamphausen's family has joined us today, so welcome. We look forward to you hearing what it is your husband and dad do all day long.

This year marks the 70th anniversary of the establishment of China-Russia diplomatic relations. It's an interesting year of anniversaries; of course, it's the 60th anniversary of the Tibetan Uprising and the 30th anniversary of Tiananmen Square. We're focused today on China and Russia.

Today the leaders of both China and Russia describe the relationship as the best it has ever been. China and Russia, of course, are both named in the 2018 U.S. National Defense Strategy as strategic competitors. Their growing alignment is a concerning development with significant implications for the U.S. and our allies and partners.

We hope to learn from today's hearing why China and Russia are deepening their relationship, where they are collaborating, where they have differences, and what their growing relationship means for the United States.

Our first panel discusses key areas of cooperation between Beijing and Moscow, focusing on strategic defense, economic, and energy cooperation. China and Russia's growing strategic alignment is driven by a mutual understanding that their respective national interests are better served by closer cooperation.

Both countries share similar anti-Western views and revisionist desires to create a new world order where they hold greater influence and status. Beijing and Moscow have prioritized defense ties through bolstering high-level contacts, defense industrial cooperation, and a military exercises.

Bilateral energy relations have also deepened; Russia has increased its oil and natural gas exports to China while permitting Chinese investment in Russia's upstream energy markets.

In our second panel we will examine the potential limits and barriers to cooperation between China and Russia, including ideological differences, limits to defense ties, and differing views on arms control.

Long-standing frictions in the relationship and emerging areas of disagreement driven by Beijing's growing global ambitions have the potential to limit cooperation. These include differing visions of the international system and increasingly asymmetrical economic ties.

Questions remain about the extent of strategic trust between both militaries, and many analysts view the defense relationship as unlikely to become a full-fledged alliance. On arms control, Beijing and Moscow's sharp divergence over the Intermediate-Range Nuclear Forces, the INF Treaty, is representative of their larger differences on global arms control regimes.

Finally, our third panel will examine current and future China-Russia interaction in Central Asia and Afghanistan, the Middle East, and the Arctic. Beijing's inroads in Central Asia and the Arctic are eroding Russia's traditional dominance in these regions. Thus far, China and Russia have been careful to avoid encroaching on the other side's interests.

In Central Asia, the key regional dynamic is the decline of Russia's relative influence and China's emergence as the most influential country in the region. In the Arctic, Moscow relies on Beijing to help finance regional energy development, but Russia remains wary of China's long-term regional ambitions.

In the Middle East, China and Russia have shared interests in supporting the Syrian and Iranian regimes, containing Islamist extremism, and reducing U.S. influence. The two countries have had limited coordination in the region to date, but this dynamic may change in the future, and frankly, it might be the near future.

Today's testimonies and transcripts will be posted on our website, [uscc.gov](https://uscc.gov). Our next hearing on U.S.-China Strategic Competition in Space, will be on April 25th. Thank you again for joining us today, and with that we will proceed with our first panel which I also have the honor of introducing.

## **PREPARED STATEMENT OF CHAIRMAN BARTHOLOMEW HEARING CO-CHAIR**

Thank you, Commissioner Kamphausen, and good morning, everyone. Thank you, particularly, to our witnesses for the time and effort they have put into their excellent testimonies.

This year marks the 70th anniversary of the establishment of China-Russia diplomatic relations. Today, the leaders of both countries describe the relationship as the best it has ever been. China and Russia are both named in the 2018 U.S. National Defense Strategy as “strategic competitors.” Their growing alignment is a concerning development with significant implications for the United States and our allies and partners.

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term regional ambitions. In the Middle East, China and Russia have shared interests in supporting the Syrian and Iranian regimes, containing Islamist extremism, and reducing U.S. influence. The two countries have had limited coordination in the region to date, but this dynamic may change in the future.

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Thank you, again, for joining us today. With that, we will proceed with our first panel.

## **PANEL I INTRODUCTION BY CHAIRMAN BARTHOLOMEW**

We're very fortunate on this Commission that we get such distinguished witnesses. Dr. Weitz, welcome. Sorry you had transportation issues this morning. We will begin this morning with Dr. Robert Sutter, professor of practice of international affairs in the Elliot School of International Affairs at George Washington University.

During his extensive and honored government career, Dr. Sutter served as the senior specialist and director of the Foreign Affairs and National Defense Division of the Congressional Research Service, the national intelligence officer for East Asia and the Pacific of the National Intelligence Council, the China Division director of the Department of State's Bureau of Intelligence and Research, and a professional staff member of the Senate Foreign Relations Committee.

Dr. Sutter will provide testimony on the underlying causes of the deepening alignment between China and Russia and their strategic cooperation.

Next, we will hear from Dr. Richard Weitz, senior fellow and director of the Center for Political Military Analysis at the Hudson Institute. Dr. Weitz has provided commentary and analysis in numerous publications and authored and edited several books and monographs.

Before joining Hudson in 2005, he worked at the Institute for Foreign Policy Analysis Center for Strategic and International Studies, Defense Science Board, Harvard University, and other research institutions as well as the U.S. Department of Defense, where he received an Award of Excellence from the Office of the Secretary of Defense. Dr. Weitz will address rising defense cooperation between China and Russia.

We'll then hear from Dr. Erica Downs; welcome back Dr. Downs. Dr. Downs is a senior research scientist in the China Studies Division of the CNA Corporation. She is also a non-resident fellow at the Center on Global Energy Policy at Columbia University.

She previously worked as a senior analyst in the Asia Practice at the Eurasia Group, a fellow in the John Thornton China Center at Brookings, an energy analyst at the Central Intelligence Agency, and a lecturer at the Foreign Affairs College in Beijing. Dr. Downs will testify on the growing economic and energy ties between China and Russia.

Thank you all very much for your testimony. I'll remind you to please keep your remarks to seven minutes so we'll have enough time for a question-and-answer session. Dr. Sutter, we'll begin with you.

**OPENING STATEMENT OF ROBERT SUTTER, PROFESSOR OF PRACTICE OF  
INTERNATIONAL AFFAIRS, ELLIOTT SCHOOL OF INTERNATIONAL AFFAIRS,  
GEORGE WASHINGTON UNIVERSITY**

DR. SUTTER: Thank you very much, Madam Chairman. This is a wonderful opportunity for me to learn from my distinguished colleagues and to make some contribution to our discussion. I very much welcome this and thank the Commission.

I think, in the interest of time, I will focus on the questions that I was asked to answer by the staff for this hearing. So I'll just go through those; I think there are seven of them, and I think that will capture what my contribution says, although my testimony is longer and deals with some other issues.

But let's do this: Why the recent strengthening in China-Russia cooperation against U.S. interest? The answer is, the momentum is based on, one, common objectives and values; two, perceived Russian and Chinese vulnerabilities in the face of U.S. and Western pressures; and three, perceived opportunities for the two powers to expand their influence at the expense of the U.S. and allied countries seen in decline.

I give special emphasis to factor three, perceived U.S. weakness. At least until recently, there has been a pattern of Beijing and Moscow working in tandem, challenging U.S. interests without effective U.S. countermeasures.

Number two: How and why do China and Russia cooperate to change the world order? The answer: Russia and China coordinate their moves and support one another in their respective challenges to the United States, allies, and partners in Europe, the Middle East, and Asia.

These joint efforts also involve diplomatic, security, and economic measures in multilateral forms and bilateral relations involving U.S. opponents in Iran, Syria, and North Korea. The two powers rely on and support one another in the face of U.S. and allied sanctions and complaints.

Number three: What is evidence of China-Russia coordination in respective spheres of influence? There's plenty of evidence. My testimony focuses on a couple of points. It depicts Russia coordinating with and accommodating Chinese interests in Korea, in Central Asia, and in the South China Sea. China, for its part, avoids challenging Russian leadership in Moscow's key areas of concern.

Beijing also has risked China's interests in stability in Europe and the Middle East by joining assertive Russian demonstrations of military force there, and China stood by Russia after the broad rebuke of Russia's attempted assassination of a former Russian spy in England in 2018.

Number four: What is the extent of China-Russia support for rogue regimes: Syria, Iran, North Korea? There's long-standing material and diplomatic, especially in the UN Security Council, support and this has been strengthened recently. It involves material supplies provided despite international sanctions and international maneuvers thwarting U.S.-led pressures.

Number five, and I divided this up; 5a: What is the extent of the China-Russia cooperation in the United Nations and other international bodies? The two countries cast four joint vetoes in the UN Security Council between 2012 and 2017, and analysts highlighted the UN as a major venue of Chinese-Russian political coordination.

In the Shanghai Cooperation Organization and in the so-called BRICS, the leadership meeting there and in other venues, this features strong statements against U.S.-fostered military intervention and economic sanctions. Russia joined China in criticizing the U.S.-backed TPP.

5b: What is the extent of China-Russia cooperation on cyberspace, space, and global

governance? Overall, the two countries are ever more determined to make the world safe for authoritarians led by Beijing and Moscow.

They pursue government control of cyberspace, and using high technology in the pursuit of closer control of populations and domestic order. They seek to counter U.S. military advantages in space and thereby facilitate Chinese and Russian expansion.

Number six: What are the implications of closer China-Russia political and diplomatic ties? Such ties, backed by the respective military and economic power of each state clearly represent a most serious challenge faced by the United States since the end of the Cold War.

The Trump Administration's National Security Strategy and National Defense Strategy accurately depict the very difficult challenges for the United States and its allies and partners.

Number seven: What are your recommendations for congressional action? In 2018, bipartisan support in Congress backed a U.S. whole-of-government effort to counter serious challenges coming from China. This complemented strong congressional efforts against Russian challenges. Overall, the actions were in line with the declared Trump Administration's strategy.

However, a major shortcoming rests with the absence of public consideration by the Congress or the Administration of the implications of China-Russia cooperation against U.S. interests. Such deliberation would show the strong need for the United States to strengthen at home and abroad in order to deal effectively with the challenges of these authoritarian powers working together against America.

This is a daunting task. Unfortunately, the problem is getting worse, and neglect will likely be seen as a sign of weakness. To remedy the situation, I would urge Congress to follow the example of the impressive congressional initiatives against Chinese challenges seen since 2018.

They involve oversight hearings and investigations, speeches to relevant constituencies and letters to the Administration urging specific policy changes and legislation such as that seen in last year's National Defense Authorization Act of 2019 and other binding and non-binding legislation, including appropriations for programs needed to enhance American strengthening. Thank you very much for your attention.



**PREPARED STATEMENT OF ROBERT SUTTER, PROFESSOR OF PRACTICE OF  
INTERNATIONAL AFFAIRS, ELLIOTT SCHOOL OF INTERNATIONAL AFFAIRS,  
GEORGE WASHINGTON UNIVERSITY**

March 21, 2019

Robert Sutter, Professor of Practice of International Affairs, George Washington University

Testimony before the U.S.-China Economic and Security Review Commission  
Hearing on *An Emerging China-Russia Axis? Implications for the United States in an Era of Strategic Competition*

Panel I. *Ties that Bind: Current Areas of Sino-Russian Cooperation--Strategic Cooperation*

### **Summary: Increasing Sino-Russian alignment against US interests**

The China-Russia relationship continues to deepen and broaden with ever more negative implications for the U.S. The drivers of Sino-Russian cooperation overshadow the brakes on forward movement at the U.S. expense. The momentum is based on (1) common objectives and values, (2) perceived Russian and Chinese vulnerabilities in the face of U.S. and Western pressures, and (3) perceived opportunities for the two powers to expand their influence at the expense of U.S. and allied countries seen in decline. The current outlook is bleak, offering no easy fixes for the U.S. Nonetheless, there remain limits on Sino-Russian cooperation. The two governments continue to avoid entering a formal alliance or are reluctant in taking substantial risks in support of one another in areas where their interests do not overlap. Longer-term vulnerabilities include Russia's dissatisfaction with its increasing junior status relative to China, China's much stronger interest than Russia in preserving the existing world order, and opposition to Russian and Chinese regional expansion on the part of important lesser powers in Europe and Asia seeking U.S. support.

### **Increasing Sino-Russian alignment**

The partnership between Moscow and Beijing matured and broadened after the Cold War and significantly strengthened during the past decade. The dispositions of President Vladimir Putin and President Xi Jinping support forecasts of closer relations. The momentum is based on 1. common objectives and values; 2. perceived Russian and Chinese vulnerabilities in the face of U.S. and Western pressures; and 3. perceived opportunities for the two powers to expand their influence at the expense of U.S. and allied powers seen in decline. It no longer is an "axis of convenience" with limited impact on international affairs.<sup>1</sup>

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<sup>1</sup> Bobo Lo *Axis of Convenience* New York: Oxford University Press, 2008. This section of this testimony assessing recent China-Russian collaboration against the United States is taken from Robert Sutter, "China-Russia Relations: Strategic Implications and US Policy Options," Seattle WA: National Bureau of Asian Research NBR Special Report #73 September 2018. The judgments and analysis of this report reflected the main findings of a two-year (2016-2018) research and policy engagement project of the National Bureau of Asian Research (NBR) supported by the Carnegie Corporation of New York on the strategic implications of the advancing Russian-Chinese relations. The findings and policy options were based on 50 commissioned papers and formal presentations at workshops and panel discussions in December 2016,

Increasingly, even longstanding observers doubtful of the significance of China-Russia cooperation are altering their positions in the face clear and assertive moves by the two countries to challenge America and shape the international order along lines they favor. Heading the list of such evidence was the September 2018 massive (300,000 troops) Russian military exercise *Vostok*, bigger than any previous Russian exercise since the end of the Cold War, featuring active participation of 3,200 Chinese fighting forces under “joint” Russian-Chinese command. The exercise took place against the backdrop of rising tensions in both countries’ relations with the United States over a wide range of security, economic and diplomatic issues and ever advancing signs of mutual Sino-Russian support against America causing some skeptics of China-Russia cooperation to reluctantly acknowledge the *de facto* alliance.<sup>2</sup>

Today, Russia and China pose increasingly serious challenges to the U.S.-supported order in their respective priority spheres of concern—Russia in Europe and the Middle East, and China in Asia along China’s continental and maritime peripheries, including the Korean peninsula. Russia’s challenges involve military and paramilitary actions in Europe and the Middle East, along with cyber and political warfare undermining

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January 2017, March 2017, July 2017, and May 2018 which involved deliberations by 80 leading US specialists, with 30 leading specialists from Russia, China, Japan, South Korea, and Europe. They also were influenced by briefings with responsible officials at the U.S. National Security Council; the Department of Defense; the Department of State; several briefings for U.S. congressional staff; and presentations and discussions at academic meetings in Seoul, Singapore, and several locations in the United States. The findings and policy options derived from publications of the project include : Richard Ellings and Robert Sutter, (eds.) *Axis of Authoritarians: Implications of China-Russia Cooperation* Seattle WA: National Bureau of Asian Research 2018; Michael S. Chase, Evan S. Medeiros, J. Stapleton Roy, Eugene Rumer, Robert Sutter, and Richard Weitz, “Russia-China Relations: Assessing Common Ground and Strategic Fault Lines,” NBR, NBR Special Report, no. 66, July 2017; Shoichi Itoh, Ken Jimbo, Michito Tsuruoka, and Michael Yahuda, “Japan and the Sino-Russian Entente: The Future of Major-Power Relations in Northeast Asia,” NBR, NBR Special Report, no. 64, April 2017. In addition, a forthcoming NBR report on China-Russia and Korean affairs will feature articles by Artyon Lukin and Elizabeth Wishnick that guided the assessment of this paper on China-Russia relations and the Korean peninsula.

Other major studies involving China-Russia relations and US interests include Julianne Smith, *A Transatlantic Strategy for Russia* Washington DC, Carnegie Endowment for International Peace, 2016; Angela Stent, *Russia, China and the West After Crimea*, Washington DC: The TransAtlantic Academy, 2016; Kathleen Hicks and Lisa Sawyer Samp, *Recalibrating US Strategy toward Russia* Washington, DC: Center for Strategic and International Studies (CSIS) March 2017; Eugene Rumer, Henry Sokolsky and Andrew Weiss, *Guiding Principles of a Sustainable U.S. Policy Toward Russia, Ukraine, and Eurasia: Key Judgments from a Joint Task Force*, Washington, DC: Carnegie Endowment for International Peace, February 2017; Julianne Smith and Adam Twardowski, *The Future of US-Russian Relations* Washington DC: Center for New American Security, January 2017; Robert Blackwill and Ashley Tellis, *Council Special Report: Revising U.S. Grand Strategy toward China* Washington DC: Council on Foreign Relations, April 2015; Orville Schell and Susan Shirk, Chairs, *US Policy toward China: Recommendations for a new administration* New York: Asia Society, 2017; Bobo Lo, *A Wary Embrace: A Lowy Institute Paper* Sydney Australia: Penguin Special Studies, 2017. Simon Saradzhyan and Ali Wyne. *China-Russia Relations: Same Bed, Different Dreams? Why Converging Interests are Unlikely to Lead to a Full-Fledged Alliance* Harvard University Belfer Center for Science and International Affairs June 2018; Graham Allison and Dmitri Simes “China-Russia: New Best Friends?” *The National Interest* January-February 2019.

<sup>2</sup> Yu Bin, “China-Russia Relations: Crouching Army, Hidden Alliance,” *Comparative Connections* Vol. 20, No. 3 January 2019, p. 113

elections in the United States and Europe, European unity, and NATO solidarity. China undermines U.S. and allied resolve through covert and overt manipulation and influence operations employing economic incentives and propaganda. Chinese cyber attacks have focused more on massive theft of information and intellectual property to accelerate China's economic competitiveness to dominate world markets in key advanced technology at the expense of leading U.S. and other international companies. Coercion and intimidation of neighbors backed by an impressive buildup of Chinese military and civilian security forces expands Beijing regional control and influence.

Russia and China work separately and together to complicate and curb U.S. power and influence in world politics, economy and security. They coordinate their moves and support one another in their respective challenges to the United States, allies and partners in Europe, the Middle East and Asia. These joint efforts also involve diplomatic, security and economic measures in multilateral forums and bilateral relations involving U.S. opponents in Iran, Syria and North Korea. The two powers also support one another in the face of U.S. and allied complaints about Russian and Chinese coercive expansion and other steps challenging regional order and global norms and institutions backed by the United States.

The two powers have worked more closely together in response to the stronger pressures on China and Russia associated with the Donald Trump administration's National Security and National Defense strategies, and the hardening of US government security, economic and political pressures on both countries that nonetheless has devoted little public attention to how Beijing and Moscow work together against American interests. President Trump remains an uncertainty in these relationships given his avowed unpredictability in foreign affairs; the president avoids using the strong rhetoric of administration policy documents when dealing with Chinese and Russian matters, and his determination to sustain close personal ties with both China's Xi Jinping and Russia's Vladimir Putin further complicate US relations with Beijing and Moscow.

### **Closer China-Russia convergence and coordination**

After Russia annexed Crimea in 2014, it faced significant Western sanctions, targeting energy investment and the provision of capital to state-owned enterprises. The sanctions and the wide-ranging disputes with the West over the crisis, led Russia to reevaluate its relationship with China. The rising perception of threat from the West was accompanied in Moscow by a decreasing perception of the threat from China.<sup>3</sup> For Beijing, the Ukraine crisis distracted the Obama government's rebalance policy in Asia, thereby providing China with opportunities to more assertively pursue designs in the region. Notably, the crisis was seen to ease Chinese concerns about US reaction to the next stage of China's expansion in the South China then underway with the start of massive Chinese island building in the disputed Spratly Islands.<sup>4</sup>

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<sup>3</sup> Alexander Gabuev, *Friends with Benefits: Russian-Chinese Relations After the Ukraine Crisis*, Moscow: Carnegie Endowment for International Peace, 2016.

<sup>4</sup> Howard French, "China's Dangerous Game," *The Atlantic* November 2014  
<https://www.theatlantic.com/magazine/archive/2014/11/chinas-dangerous-game/380789/>

Presidents Xi and Putin met on at least twenty separate occasions between 2012 and 2017. These face-to-face meetings included six visits by Xi to Russia and eight visits by Putin to China. The two spent more time together than any other pair of recent world leaders. These interactions culminated in the signing of a joint statement on further deepening the two countries' comprehensive partnership of coordination in July 2017.<sup>5</sup> They witnessed increased military cooperation as well as greater Chinese investment in several major projects, including the Yamal liquefied natural gas project and the Power of Siberia gas pipeline project.<sup>6</sup> Increased China and Russia cooperation also was visible in multilateral venues. The two countries cast four joint vetoes at the UNSC between 2012 and 2017, and analysts highlighted the UN as a major venue of Chinese and Russian political coordination.<sup>7</sup>

2013 marked the start of Xi Jinping's signature Belt and Road Initiative, a massive infrastructure building operation which featured stronger economic, political and other connectivity between China and the Central Asian states in particular. Those states used to be part of the Soviet Union and are viewed by Moscow as part of its bordering sphere of influence. Predictably, Russia's initial reaction to this initiative was that of expected distrust, in view of the risks of expanded Chinese influence undermining Russian prerogatives in its neighborhood. By March of 2015, however, Russia overcame its suspicions, with Presidents Putin and Xi signing a declaration on "cooperation in coordinating the development of [the Russia-led Eurasian Economic Union] EEU and the Silk Road Economic Belt." Among the reasons for Russia's eventual acceptance of the BRI was China's implicit affirmation of Russia's status as the dominant power in Central Asia, and Moscow's recognition that it could not make the kinds of investments in Central Asia on the scale that China's plans promised.<sup>8</sup>

In Northeast Asia, China and Russia have worked more closely in recent years in relations with South Korea and North Korea repeatedly seeking to offset US pressures and undermine US influence. They notably adopted a joint position in strong opposition to the US deployment in 2017 of the THAAD anti-ballistic missile system in South Korea and they adopted in 2017 a joint position in favor of step-by-step mutual accommodation leading to North Korean denuclearization favored by Pyongyang and at odds with the much strong US emphasis on North Korea to denuclearize. Both Russia and China played important roles in easing the strident economic sanctions against North Korea favored by the United States.<sup>9</sup>

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<sup>5</sup> "China, Russia to Further Deepen Partnership Amid New International Situation," China Daily, July 5, 2017 p. 1.

<sup>6</sup> Jane Perlez, "China and Russia Reach 30-Year Gas Deal," New York Times, May 21, 2014.

<sup>7</sup> Alexander Gabuev, "Why Russia and China are strengthening security ties," *Carnegie Moscow Center*, September 24, 2018 <https://carnegie.ru/2018/09/24/why-russia-and-china-are-strengthening-security-ties-pub-77333>

<sup>8</sup> Andrew Scobell, et. al, *At the Dawn of Belt and Road: China in the Developing World*, Santa Monica, Calif.: RAND, 2018, pp. 259-260.

<sup>9</sup> See among others Artyom Lukin, "A Russian Perspective: Russia's Gambit in the Korean Nuclear Crisis," *The Asan Forum* Vol. 7, No.1 January-February 2019 <http://www.theasanforum.org/a-russian-perspective/> (accessed January 27, 2019)

As in the case of Russian accommodation of Chinese ambitions in Central Asia regarding Xi Jinping's Belt and Road Initiative, Russia has willingly accommodated China's recent prominence in dealing with the Korean peninsula. Developments over the past two years have seen China emerge as a critically important player with a major role in all aspects of negotiations involving the crisis caused by North Korea's rapid development and repeated testing of nuclear weapons and related development and testing of ballistic missiles capable of carrying a nuclear warhead as far as the continental United States. By contrast, Russia's role and influence have declined in importance. The failed revival of the six party talks where Russia and Japan played a direct role along with North and South Korea, China and the United States in dealing with the North Korean nuclear weapons crisis, and the current regional dynamic focused on only the four latter powers means that Moscow and Tokyo have been marginalized by recent developments. Such an outcome challenges the Russian government of President Vladimir Putin and its drive to play a prominent role as a leading world power on issues important to Russian interests. Nevertheless, the record shows Russia putting aside such concerns, repeatedly siding with China in playing second fiddle to Beijing in dealing with matters on the Korean peninsula. China, for its part, seems comfortable with close cooperative relations with Russia as it deals with Korean matters. Whatever differences the two may have over Korean issues have been difficult to discern amid their collaboration and cooperation.<sup>10</sup>

Russia also showed accommodation with Chinese interests in the South China Sea. Despite continuing strong Russian political and arms sales relations with Vietnam, which contests Chinese South China Sea claims, Russian forces took part in joint naval exercises in the disputed waters in 2016 targeting the US and its allies and partners. And Moscow strongly backed China in rejecting the 2016 UN Law of the Sea tribunal ruling against China's South China Sea claims that was supported by the United States and Vietnam.<sup>11</sup>

For its part, China reciprocated by accommodating Russian interests even at the risk of other Chinese interests. In particular, China joining Russian forces in exercises in recent years in the Baltic, Mediterranean and Black Seas added support for Russian assertiveness in these areas even though China has strong interests in keeping on good terms with those regional governments unnerved by Moscow's shows of force.<sup>12</sup> And China risked reputational costs when it supported Russia as the Putin government was rebuked in the West during March 2018 for employing a nerve-agent type of chemical weapon in a failed attempt to kill a former Russian spy in England. Against the background of the controversy, the newly appointed Chinese defense minister visiting

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<sup>10</sup> This assessment benefited from Artyom Lukin's judgments on Russia-China-Korean relations in a presentation at an invitation only workshop on China, Russia and the Korean peninsula at the Asan Foundation in Seoul Korea in May 2018 and in his article in a forthcoming NBR Special Report on that subject.

<sup>11</sup> Alexander Korolev, "Russia in the South China Sea," *Foreign Policy Analysis*, February 2018 [https://www.researchgate.net/publication/323201523\\_Russia\\_in\\_the\\_South\\_China\\_Sea\\_Balancing\\_and\\_Hedging](https://www.researchgate.net/publication/323201523_Russia_in_the_South_China_Sea_Balancing_and_Hedging)

<sup>12</sup> Vasily Kashin, "Why Russian and Chinese Warships Joined Forces in the Baltic Sea this Week," *The Moscow Times* July 28, 2017 <https://www.themoscowtimes.com/2017/07/28/why-russian-and-chinese-warships-met-in-the-baltic-sea-a58525>



Moscow said in early April that he had come “to show Americans the close ties between the armed forces of China and Russia, especially in this situation. We’ve come to support you...”<sup>13</sup>

Meanwhile, security and military strategy documents issued by each side in recent years targeted US unilateral military interventions and economic sanctions as they stressed a special relationship between the two states and outlined areas of expanded cooperation between the forces against such pressures. China’s 2015 Defense White Paper cited Russia first in a listing of military-to-military relations, noting: “China’s armed forces will further their exchanges and cooperation with the Russian military within the framework of the comprehensive strategic partnership of coordination between China and Russia, and foster a comprehensive, diverse and sustainable framework to promote military relations in more fields and at more levels.”<sup>14</sup> Similarly, Russia’s 2015 National Security Strategy highlighted the relationship with China: “The Russian Federation is developing relations of all-embracing partnership and strategic cooperation with the Chinese People’s Republic, regarding them as a key factor of the maintenance of global and regional stability.”<sup>15</sup> After relatively flat arms sales prior to 2014, Russia dramatically increased its arms sales to China after the 2014 sanctions. Russian affairs experts Aleksandr Gabuev and Valiliy Kashin explained “The sale of modern arms to China became part of the strategy to move closer to Beijing in response to the systemic crisis with the West.”<sup>16</sup> Exercise activity also increased considerably during this period, with average number of combined or bilateral exercises now approaching three per year along with a concurrent growth in the size of the individual exercises. Starting with Aerospace Security 2016 in May 2016, Russia and China begun conducting joint missile defense exercises pointing to possible cooperation in the air and missile defense domains.<sup>17</sup> As noted above and reflecting the increasing level of exercise collaboration established during this period, in September 2018, 3200 PLA personnel actively participated for the first time Vostok (“East”) 2018, indicating a new level of trust by the Russian military.

As far as the economic relationship is concerned, according to Alexander Gabuev: “After the Ukraine crisis began, the Russian government immediately started to assess the economic implications. In a series of study sessions [in Moscow]...experts...immediately spotted Russia’s three weakest points: critical dependence on the European energy market, critical dependence on Western capital markets, and critical dependence on

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<sup>13</sup> “Chinese Defense Minister Says China will ‘support’ Russia against America,” *The National Interest* April 4, 2018 <https://nationalinterest.org/blog/the-buzz/chinese-defense-minister-says-china-will-%E2%80%98support%E2%80%99-russia-25216>

<sup>14</sup> State Council Information Office of the People’s Republic of China, “White Paper on China’s Military Strategy, Beijing,” May 2015, Section VI.

<sup>15</sup> National Security Strategy of the Russian Federation, Moscow, December 2015, Section 93.

<sup>16</sup> Aleksandr Gabuev and Vasiliy Kashin. *Vooruzhennaya druzhba – kak Rossiya i Kitay torguyut oruzhiem* [Friendship in Arms: How Russia and China Trade in Weapons], Moscow Carnegie Center, November 2, 2017, p. 13.

<sup>17</sup> “China and Russia Close Ranks against US Missile-Defense System,” *South China Morning Post*, October 12, 2016, <https://www.scmp.com/news/china/diplomacy-defence/article/2027171/china-and-russia-close-ranks-against-us-missile-defence> accessed January 27, 2019.

important technologies... They concluded that if the West imposed sanctions, Russia would have no other choice than to be more and more accommodating to China – even if it turned Moscow into the junior partner in the relationship.”<sup>18</sup> In sum, subsequent development have appeared to validate this forecast.

### **Policy Options**

The current outlook is bleak, offering no easy fixes for U.S. policy. Nonetheless, there remain limits on Sino-Russian cooperation. The two governments continue to avoid entering a formal alliance or taking substantial risks in support of one another in areas where their interests do not overlap. Longer-term vulnerabilities include Russia’s dissatisfaction with its increasing junior status relative to China, China’s much stronger interest than Russia in preserving the existing world order, and opposition to Russian and Chinese regional expansion on the part of important lesser powers in Europe and Asia seeking U.S. support.<sup>19</sup>

### ***Policy Recommendations***

- This writer joins many others in recommending a U.S. policy option involving multiyear and wide-ranging domestic and international strengthening—militarily, economically, and diplomatically—to better position the U.S. to deal with the challenges from China and Russia. The United States needs internal strengthening militarily, economically and politically; and it needs to work effectively with allies and partners in the face of a growing axis of authoritarians seen in Beijing and Moscow.
- Though American experts differ on the appropriate amount of strengthening, with some urging sustained U.S. primacy and most others favoring various mixes of strengthening and accommodation requiring compromise of U.S. interests, this writer urges that substantial strengthening is warranted before substantial accommodation.
- In applying the appropriate amount of strengthening and accommodation, some American experts view Russia as the leading danger, warranting U.S. accommodation with China to counter Russia; others seek to work cooperatively with Russia against China, which is seen as a more powerful longer-term threat. In contrast, this writer agrees with those American specialists who view the above maneuvers as less likely to succeed in the face of strongly converging Russian and Chinese interests and identity and a pervasive view in Moscow and Beijing that the US is irresolute and in decline.
- The perception of American weakness joins other circumstances that add to the fluidity of international and domestic circumstances complicating accurate forecasting. Notably, uncertainty prevails as to whether the avowedly

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<sup>18</sup> Alexander Gabuev, “Eurasian Silk Road Union: Toward a Russia-China Consensus?” *The Diplomat*, June 5, 2015.

<sup>19</sup> This section of this testimony assessing recent China-Russian collaboration against the United States is taken from Robert Sutter, “China-Russia Relations: Strategic Implications and US Policy Options,” Seattle WA: National Bureau of Asian Research NBR Special Report #73 September 2018.



unpredictable President Trump will follow his administration's declared national security strategy opposing the adverse and predatory behavior of China and Russia or instead adopt more accommodating approaches in line with his repeated expressions of respect and support for Xi and Putin.

*Play the long game by targeting vulnerabilities in the China-Russia relationship.* The likelihood of quick success through specific moves toward Russia and China appears low. I judge US policymakers should play a long game in seeking to exploit vulnerabilities in Sino-Russian collaboration. As noted above, areas of cooperation that show little susceptibility to being influenced by U.S. policy include arms sales, some aspects of Russian energy exports to China, and some aspects of the U.S.-led international order that Moscow and Beijing seek to change. More promising issues warranting U.S. attention and possible exploitation involve the very different standing that Russia and China have with the United States and the asymmetry in their respective worldviews and international ambitions.

For example, because Russia is an avowed opponent of the United States on various key issues bilaterally and in regard to the U.S.-led international order, U.S.-Russian relations have declined to the lowest point since the Cold War. Whatever positive cooperative elements in the relationship remain are fully overshadowed by differences and disputes. In contrast, China benefits much more from stable relations with the United States and the existing U.S.-led international order. Although its disputes with the United States have been growing in recent years, they have not yet reached a stage of overshadowing Chinese interests in sustaining a good working relationship. Meanwhile, China can be viewed as the greater threat, not only to the United States but also eventually to Russia. Asymmetries in the Sino-Russian relationship make Russia more dependent on China and more distant from re-establishing its great-power status. Against this background, some argue that the United States should seek cooperation with Russia in order to offset the common danger posed by China's rise.

Another promising vulnerability in China-Russia relations involves their respective coercive strategies in pursuit of regional leadership at the expense of neighboring powers. The countries' goals are at odds with the core interests of most of their neighbors. Taken together, Moscow and Beijing favor fragmentation of NATO, the EU, the U.S. alliance structure in Asia, and regional groupings led by ASEAN and other organizations that impinge on Chinese or Russian ambitions. The United States opposes coercive changes to the status quo and supports existing boundaries, stronger regional collective security, and the sovereignty and aspirations of all states in accord with international norms. A strong United States provides a welcome counterweight for Asian and European nations affected by Russian and Chinese ambitions. Meanwhile, U.S. contributions to the capabilities and resolve of neighboring states can be justified on their own merits without direct reference to Russia or China. Such steps provide a significant outlet for U.S.-backed strengthening against adverse Chinese and Russian practices that is less directly confrontational than the application of U.S. power against China or Russia.

*Consider Russia and China together as well as separately.* Most recommendations from other authoritative studies of U.S. policy dealing with Russia and China focus on one or the other country but not the two together. The policy recommendations of these studies are useful but I deem it important that they be incorporated with recommendations looking at China and Russia together in order to fully address the implications of their relationship for U.S. interests.

- One cannot discern appropriate U.S. policy toward Russia and China without careful consideration of the main differences between the two that can be used by U.S. policy.
- U.S. policy that does not deal with China-Russia cooperation risks ineffectiveness in the face of the two countries' actions together reinforcing their respective challenges to the United States. It also risks reinforcing the perception that the United States is passive and declining in the face of Sino-Russian advances.
- The different standing that Russia and China have in their relations with the United States means that U.S. policy needs to be tailored to both at the same time in ways that avoid worsening the United States' overall position. For instance, if President Trump were to make significant compromises with Putin as the United States pursues a trade war of major economic pressure on China, Putin might see these compromises as tactical ploys to increase pressure on China with little lasting benefit for Russian interests.
- Assessing U.S. policy toward both powers facilitates the difficult task of determining with greater accuracy what are the trade-offs for the United States as it seeks an advantage in moving forward with changes in U.S. policy toward one power or the other.

### **Specific Questions and Answers**

*1) What considerations have driven the strengthening of China-Russia relations since the end of the Cold War? What has accelerated China and Russia's alignment in recent years, and how has their relationship evolved under the leadership of Xi Jinping and Vladimir Putin?*

Answer. As seen above, the China-Russia relations have become closer and more adverse to US interests because of 1. common objectives and values; 2. perceived Russian and Chinese vulnerabilities in the face of U.S. and Western pressures; and 3. perceived opportunities for the two powers to expand their influence at the expense of U.S. and allied powers seen in decline. This writer gives special emphasis to factor # 3 in recent years, seeing Beijing and Moscow working in tandem to challenge US international interests in a wide ranging ways that at least until the advent of the Trump government did not result in effective measures to halt their respective and cooperative advances.

*2) How do Beijing and Moscow seek to challenge or alter the current international order? How does each benefit from the other's cooperation in pursuing these aims?*

Answer. Today, Russia and China pose increasingly serious challenges to the U.S.-supported order in their respective priority spheres of concern—Russia in Europe and the Middle East, and China in Asia along China’s continental and maritime peripheries, including the Korean peninsula. Russia’s challenges involve military and paramilitary actions in Europe and the Middle East, along with cyber and political warfare undermining elections in the United States and Europe, European unity, and NATO solidarity. China undermines U.S. and allied resolve through covert and overt manipulation and influence operations employing economic incentives and propaganda. Chinese cyber attacks have focused more on massive theft of information and intellectual property to accelerate China’s economic competitiveness to dominate world markets in key advanced technology at the expense of leading U.S. and other international companies. Coercion and intimidation of neighbors backed by an impressive buildup of Chinese military and civilian security forces expands Beijing regional control and influence.

Russia and China work separately and together to complicate and curb U.S. power and influence in world politics, economy and security. They coordinate their moves and support one another in their respective challenges to the United States, allies and partners in Europe, the Middle East and Asia. These joint efforts also involve diplomatic, security and economic measures in multilateral forums and bilateral relations involving U.S. opponents in Iran, Syria and North Korea. The two powers also rely on and support one another in the face of U.S. and allied complaints about Russian and Chinese coercive expansion and other steps challenging regional order and global norms and institutions backed by the United States.

*3) What evidence, if any, exists in terms of coordination between China and Russia in facilitating their respective regional goals (e.g., Russia in its near abroad and China in East Asia)?*

Answer. The discussion above depicts Russia coordinating with and accommodating Chinese interests in Korea, Central Asia and the South China Sea. China for its part avoids challenging Russian leadership in its key areas of concern in Europe, the Middle East and arguably Central Asia. Beijing has also risked China’s longstanding interests in stability in Europe and the Middle East by joining assertive Russian demonstrations of military force along its maritime borders with Europe and the Middle East. It notably stood by Russia when it came under widespread western attack for its egregious violations of international agreements in attempting to assassinate a Russian spy living in England in 2018.

*4) How, if at all, have Beijing and Moscow’s support of rogue or authoritarian regimes (especially Iran, Syria, Venezuela, and North Korea) strengthened their bilateral ties?*

Answer. Longstanding material and diplomatic (especially in the UNSC) support for these international opponents of the United States have been strengthened with various material

supplies provided despite international sanctions and active international involvement and maneuvers designed to thwart US-led pressures on these opponents.

*5a) How have China and Russia cooperated on the UN Security Council, in UN organizations, and in alternative international bodies and structures (e.g., the Shanghai Cooperation Organization (SCO)) in ways counter to the interests of the United States and its allies and partners?*

Answer.

The above discussion shows that increased China and Russia cooperation also has been visible in multilateral venues. The two countries cast four joint vetoes at the UNSC between 2012 and 2017, and analysts highlighted the UN as a major venue of Chinese and Russian political coordination.<sup>20</sup> The SCO and BRICS leadership meetings and other venues feature strong statements against US-fostered military intervention and economic sanctions.

*5b) How have China and Russia coordinated their actions and statements to challenge U.S.-led international norms in cyberspace, space, and other areas of global governance?*

Answer.

China-Russia leadership meetings, deliberations in the United Nations and other venues, and respective authoritative government statements make clear that the two countries are ever more determined to make their world safe for authoritarians led by Beijing and Moscow. Government control of cyberspace and using high technology in pursuit of closer control of populations and domestic order head the list of ways the two powers differ with the United States and its allies and partners. They both seek to counter US military advantages in space, endeavoring to curb American power and thereby facilitate Chinese and Russian expansion at the expense of neighbors and of US interests.

With regard to outer space, the two countries have expanded active cooperation, seeking opportunities to further expand in areas such as technology development and space exploration. China works with Russia to promote norms that would restrict military activities in outer space, even as both countries have been developing and testing anti-satellite weapons. In 2008, Beijing and Moscow proposed the Treaty on Prevention of the Placement of Weapons in Outer Space and of the Threat or Use of Force Against Outer Space Objects. As they presumably expected, the United States has opposed the proposal, partly because of concerns about verification and because it does not address ground-based weapons like direct ascent anti-satellite missiles. With respect to cyberspace, China and Russia have advocated the formation of a “new cyberspace order” and voiced shared opposition to “actions that infringe upon other countries’ Internet sovereignty.” Internet sovereignty seeks to dictate what rules should be used to govern the management of the Internet and what rights states have to control the content flowing across their country’s networks. The United States believes in open access to information across the Internet, regardless of state boundaries. Meanwhile, as noted above, Russia and China continue

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<sup>20</sup> United Nations, Dag Hammarskjöld Library, Veto List, webpage, last updated January 8, 2018

their clandestine cyber attacks against the United States and others seeking respectively to disrupt elections and the overall political order and to gain needed high technology information. Both powers support their partner's denials when they are accused of such illegal behavior.<sup>21</sup>

*6) What are the implications of closer China-Russia political and diplomatic ties for the United States and U.S. allies and partners?*

Answer. In this writer's view, such ties backed by the respective military and economic power of each power, clearly represent the most serious challenge faced by the United States since the end of the Cold War. The Trump administration's National Security Strategy and National Defense Strategy accurately depict the very difficult challenges for the United States and its allies and partners.

*7) What are your recommendations for Congressional action related to the topic of your testimony?*

Answer.

Over the past year, Congress has been especially active in the overall hardening of American government policy toward China, arguing in unusually bi-partisan fashion for a whole of government effort to counter the various challenges posed by Xi Jinping's China. This impressive effort has complemented a long standing congressional resolve to counter challenges seen coming from Putin's Russia.

What has been absent from these deliberations is any sort of thorough treatment of how and why China-Russia relations impact American interests and US government policy. As argued above, such deliberation would show the strong need for the United States to strengthen at home and abroad in order to deal effectively with the challenges of these authoritarian powers. This is a daunting task which may explain why the administration rarely discusses this problem. Unfortunately, as shown above, this problem is getting worse. Neglect will not ease it. And above I have attempted to make the case that perceived weakness by the United States and its allies and partners is what Beijing and Moscow discern in the drift in US policy toward the China-Russia relationship.

As seen in congressional leadership in crafting the whole of government response to China's challenges since 2018, tools Congress can use to craft appropriate policy in dealing with China-Russia cooperation adverse to US interests involve oversight hearings and investigations in order to understand the full scope and impact of the problems posed by China-Russia cooperation, speeches to relevant constituencies and letters to the administration urging specific policy changes, and legislation such as that seen in last year's National Defense Authorization Act of 2019 and other binding and non-binding legislation, including appropriations for programs needed to enhance American strengthening.

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<sup>21</sup> Michael Chase et al., "Russia-China Relations: Assessing Common Ground and Strategic Fault Lines," *National Bureau of Asian Research Special Report 66* (July 2017), p. 7

The China-Russia relationship is not static and the problems and opportunities it poses from the United States can change with changing circumstances. Watchful congressional vigilance seems warranted to create and preserve policy approaches promising positive outcomes for America.

**OPENING STATEMENT OF RICHARD WEITZ, PH.D., SENIOR FELLOW,  
DIRECTOR OF CENTER FOR POLITICAL-MILITARY ANALYSIS, HUDSON  
INSTITUTE**

CHAIRMAN BARTHOLOMEW: Thank you, Dr. Sutter. We always learn when you come and testify before us, so we appreciate it. Dr. Weitz?

DR. WEITZ: Thank you very much for allowing me also to contribute to the Commission's deliberations. I will follow the same procedure of addressing the questions that you raised, but I'm happy to elaborate on other issues as you find useful.

So with the question of how has the Russian-Chinese defense cooperation deepened, and what are the drivers, the way I like to look at it is, I see three packages, three areas where they cooperate, two of them I'll talk about in a minute, which are the exercises and the arms sales.

Then there's this third category of pretty much everything else. It's primarily these exchanges they've been having at all levels. Think of regular meetings between the chiefs in the military, chiefs of the civilian defense officials, technical experts, and so on. Then this covers both bilateral and multilateral meetings. That's just an extension of where you see a lot of joint statements coming from those, and so on.

With respect to the reasons, the drivers for this, I think that the Commissioner's already laid out many of the factors, as did Professor Sutter. So it's primarily reduced bilateral security tensions, their border, their differences over certain regional security issues have faded over time. They may reappear at some future point, but they're not pressing now.

In contrast, they have some common security concerns, primarily related to U.S. policies, but also other issues. And then, some fortuitous factors, such as the harmonious economic situation they found themselves with in regard to their defense sectors at the end of the Cold War.

You had the situation when the Soviet Union fell apart, Russia inherited all of these Soviet-era weapons systems they didn't need. At the same time, the U.S. and other countries had imposed arms embargo on China, and so it was just a natural partnership that the Chinese started buying lots of Russian weapons.

With regard to how these arms sales have affected Chinese military modernization, during the 1990s they were very important. The PLA was still searching for a foreign source of technology that it could buy on the open market. Russia provided technologies that the Chinese defense and industrial sector could not then produce. That faded over time, though. As we know, the Chinese military industrial sector has improved, and so the Chinese stopped demanding Soviet-era weapons and wanted better equipment.

For a while the Russians were reluctant to provide those out of concerns about copying and other reasons, but in the last five years or so, primarily related to the deterioration of Russian's relations with the United States and other Western partners, the Russians have raised the threshold of what they're willing to give the Chinese.

We're now at an interesting point where the Chinese are now demanding even more advanced systems, so it's interesting to see which way that will go.

With respect to the exercises, they have certainly expanded in both frequency and geographic scope. Initially they were periodic, every year or two, ground exercises embedded within the Shanghai Cooperation Organization or some other multilateral structure, occasionally a bilateral exercise.

But over time they have become much more frequent. There's now at least two naval



exercises each year, and the locations are very interesting. They're willing to do it in sensitive areas such as the Baltic Sea and the South China Sea.

The purpose of these exercises and what they gain from them, clearly, they've improved some operational capabilities. I think this is particularly important for the Chinese military, which doesn't have the operational experience of the Russian armed forces, so they can gain insights on what the Russians can tell them about certain operations.

They do have a deterring function. They find it signals primarily to the U.S. and its partners that they have taken into account Chinese and Russian interests with regard to Central Asia and North Korea or other potential contingencies, and they have other functions.

But the one I would like to highlight is that they also have an important mutual reassurance function. I think we saw this, for example, in the last year's Vostok exercises. By allowing the Chinese to participate in the most important annual exercise of the Russian military, it signals to the Chinese, We consider you a partner, even though we're not formal defense allies. We've taken into account your defense concerns, and so on.

They have not yet established, in my view, a basis for a genuine, combined, military operation. The exercises don't have the intense interoperability and robustness we see, for example, the U.S. exercises in the NATO context with South Korea and Japan, but they are moving in this direction, and I think that's something we'll need to watch as we go further.

With respect to the question of, could we see coordinated armed aggression by both of them: there's some indication that this could occur, but there's also a lot against it. So in favor you see a commitment on both parties to deepen their coordination. You're probably going to see more arms sales; you'll probably see more exercises. And certainly, now their interests are not just focused on certain areas in the security development in terms of geographic regions. In Central Asia and East Asia, they expand further.

However, their defense treaty, or as they call it, the Friendship and Cooperation Treaty, does not include a mutual defense clause. They may amend that when it's up for renewal in a few years, but for now it doesn't.

In general, their strategy is often just to, when they differ or when one side takes action against the other, the second party will just basically try and not take a position one way or another, and they seem comfortable with that flexibility.

The Chinese don't need to commit to Russian actions in Ukraine, and the Russians can continue their partnerships with India and Vietnam to some extent. As for how this might occur in any particular contingency is probably going to vary, contingency-dependent.

Then the question about how this affects the NATO alliance, and the last question on recommendations, it's clearly, though, something we need to watch. Even if they don't coordinate their armed aggression, I would think that they would see this as an opportunity, if we were entangled with the Russians in some kind of Baltic conflict or China with some kind of conflict in the Asian Pacific, I'm sure the other countries in the National Security Council would think about how perhaps this is an opportunity to exploit the U.S. preoccupation for our own gains.

In terms of other recommendations, I just encourage the Commission to keep on raising attention to this issue; it's clearly very important. And I think there's some opportunities to be considered about use of sanctions. For example, the CAFTA sanctions we've recently applied didn't have the intent of disrupting Chinese purchases of Russian arms, but it may have that effect. Thank you very much.



**PREPARED STATEMENT OPENING STATEMENT OF RICHARD WEITZ, PH.D.,  
SENIOR FELLOW, DIRECTOR OF CENTER FOR POLITICAL-MILITARY  
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**Dr. Richard Weitz, Senior Fellow and Director of the Center for Political-Military Analysis, Hudson Institute**

**Testimony before the United States-China Economic and Security Review Commission, on “An Emerging China-Russia Axis? Implications for the United States in an Era of Strategic Competition,” March 21, 2019**

### *Introduction*

Thank you for inviting me to contribute to the Commission’s deliberations regarding the growing defense relationship between China and Russia and its implications for the United States.

As an independent, nonpartisan think tank, Hudson Institute does not take institutional positions on policy issues, but I welcome the opportunity to share my personal views on this issue.

As requested, I will briefly outline my views on several questions raised by the Commission but would enthusiastically discuss my views further on these and other issues.

*How has China-Russia defense cooperation deepened in recent years, and what have been the drivers behind this cooperation?*

The Sino-Russian defense relationship falls into three broad categories: arms sales, military exercises, and other forms of interactions such as meetings, declarations, and exchanges. This latter group has become more institutionalized and better integrated. The senior civilian and military defense leaders of China and Russia now meet frequently in various bilateral and multilateral formats. They issue numerous joint statements on various security issues, including missile defense, the militarization of space, transnational terrorism, and regional security questions such as the Korean conflict.

Regarding the reasons for their deepening defense ties, a combination of reduced bilateral military tensions, overlapping external security concerns, converging leadership perceptions, and harmonious defense economic conditions have driven the growing Chinese-Russian military collaboration that we have seen in recent years..<sup>1</sup>

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<sup>1</sup> See for example Torrey Taussig, “As Western ties fray, Putin and Xi are increasingly close,” *Brookings Institution*, October 19, 2018, <https://www.brookings.edu/blog/order-from-chaos/2018/10/19/as-western-ties-fray-putin-and-xi-are-increasingly-close/>; and Chris Miller, “The New Cold War’s Warm Friends,” *Foreign Policy*, March 1, 2019, <https://foreignpolicy.com/2019/03/01/the-new-cold-wars-warm-friends/>.

Since the Soviet Union’s disintegration in the early 1990s, China and Russia have overcome many of their Cold War-era tensions. The two governments negotiated an end to the boundary disputes, demarcating the last segments of their 2,600-mile frontier in 2008. The Soviet military withdrawals from Afghanistan, Vietnam, and other regions, reinforced by decreased Soviet military capabilities, removed a major source of Chinese threat perceptions regarding Moscow. Several arms control agreements and security confidence-building measures have also reduced binational security tensions.

The popular agitation against China that was prominent two decades ago in the Russian Far East, whose inhabitants feared Chinese immigration and territorial acquisition, has almost vanished from sight. Russian analysts have concluded (or claimed) that China’s improving standards of living, demographic challenges, and other developments have reduced earlier incentives that Chinese nationals may have had to move to the Russian Far East. Indeed, while many Chinese visit Russia, few stay to work for any length of time.<sup>2</sup> In any case, the Chinese and Russian governments have used censorship and other means to suppress public allusions about possible future threats from the other country.

Meanwhile, Chinese, and especially Russian officials, have expressed concern about variously common threats, including those generated by what they have called “the three evil forces” of terrorism, separatism, and religious extremism. Their joint statements regularly reference purportedly threatening U.S. policies and capabilities such as U.S. military space activities, U.S. unilateral sanctions taken without UN Security Council approval, and the alleged use of misinformation, democracy promotion, and other non-kinetic tools to try to change their regimes.

*How have Russian sales of advanced weapons systems and broader Sino-Russian defense industrial collaboration contributed to China’s military modernization?*

For three decades, the Russian government has provided sophisticated navy, air, and air defense platforms to the People’s Liberation Army (PLA).<sup>3</sup> Their partnership resulted from fortuitous military-technological conditions in the early 1990s. Russia inherited an enormous quantity of excess Soviet-era weapons platforms at the same time that Western governments imposed arms sales embargos on the PLA over its role in forcefully suppressing the 1989 Tiananmen Square protests. As a result, China spent billions of dollars on Russian arms over the next decade.<sup>4</sup>

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<sup>2</sup> Alexander Gabuev and Maria Repnikova, “Why Forecasts of a Chinese Takeover of the Russian Far East Are Just Dramatic Myth,” *Carnegie Moscow Center*, July 14, 2017, <https://carnegie.ru/2017/07/14/why-forecasts-of-chinese-takeover-of-russian-far-east-are-just-dramatic-myth-pub-71550>.

<sup>3</sup> Paul Schwartz, “Russia’s Contribution to China’s Surface Capabilities,” *Center for Strategic International Studies*, August 2015, [https://csis-prod.s3.amazonaws.com/s3fs-public/legacy\\_files/files/publication/150824\\_Schwartz\\_RussiaContribChina\\_Web.pdf](https://csis-prod.s3.amazonaws.com/s3fs-public/legacy_files/files/publication/150824_Schwartz_RussiaContribChina_Web.pdf).

<sup>4</sup> “SIPRI Arms Transfers Database,” *Stockholm International Peace Research Institute*, accessed on March 11, 2019, <https://www.sipri.org/databases/armstransfers>.

Following a few years of slack sales, Russian arms exports to China rebounded after Moscow’s illegal annexation of Crimea and proxy war in Ukraine resulted in additional Western sanctions on the Russian defense industry, such as the U.S. Countering America’s Adversaries Through Sanctions Act (CAATSA). In order to acquire additional Russian arms on more favorable terms, China has been exploiting Russia’s struggling economy and need for visible foreign support due to its isolation by the international community over Ukraine.

The Russian military transfers have proven especially important for augmenting China’s air defense, long-range sensor, and anti-ship capabilities. They have increased the PLA’s ability to threaten U.S. forces operating in the Pacific in line with China’s goal to deny foreign navies access to waters and airspace Beijing considers strategically important. China’s incorporation of advanced Russian air defense platforms such as the S-300 and S-400 have enabled PLA surface vessels to become less dependent on land-based air defense systems, while the PLA’s acquisition of Su-35s makes the PLA better able to launch long-range precision strikes against U.S. surface warships.<sup>5</sup>

*What has propelled the expanding strategic nature and geographic scope of recent military exercises between China and Russia? What do both countries gain from these exercises?*

During the past fourteen years, the Chinese and Russian militaries have engaged in many bilateral and multilateral exercises, sometimes with Central Asian partners within the framework of the Shanghai Cooperation Organization. Since they began in the mid-2000s, these drills have increased in frequency, scope, and complexity.

The joint China-Russia military exercises provide benefits to both countries that contribute to their security partnership. They help the Chinese and Russian armed forces to improve their tactical and operational capabilities, enhancing their ability to pursue unilateral and joint operations, and increase their interoperability. Chinese and Russian representatives have cited the advantages of exercising with foreign countries to learn new tactics, techniques, and procedures.<sup>6</sup> In this regard, engaging in major multinational military exercises is especially important for the PLA, which has not fought a major war in decades. For example, the PLA can garner insights from the Russian experience in Syria on how to deploy brigade-sized forces that

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<sup>5</sup> Bonnie S. Glaser and Gregory Poling, “Vanishing Borders in the South China Sea,” *Foreign Affairs*, June 5, 2018, <https://www.foreignaffairs.com/articles/china/2018-06-05/vanishing-borders-south-china-sea>; and Ronald O’Rourke, “China Naval Modernization: Implications for U.S. Navy Capabilities—Background and Issues for Congress,” *Congressional Research Service*, August 1, 2018, p. 10, <https://fas.org/sgp/crs/row/RL33153.pdf>.

<sup>6</sup> Charles Clover, “Russia and China Learn from Each Other as Military Ties Deepen,” *Financial Times*, June 23, 2016, <http://www.ft.com/cms/s/0/a3e35348-2962-11e6-8b18-91555f2f4fde.html#axzz4Ckj1hDbn>.

integrate air and ground elements along with special operations forces, as well as issues related to expeditionary logistics and protecting bases in foreign countries.<sup>7</sup>

The Sino-Russian joint shows of force also aim to deter potential threats, such as Islamist terrorists trying to destabilize Central Asian governments, as well as reassure those governments. In this regard, the joint exercises attempt to communicate the message to third parties, especially the United States, that Russia and China have a genuine security partnership and that it extends to cover Central Asia (a region of high priority concern for Moscow and Beijing), as well as possibly other areas such as Northeast Asia. The recently expanded geographic scope of Sino-Russian military exercises suggests the two governments are more openly signaling support for each other's security priorities to one another as well as third parties.

Another goal of these exercises is to affirm the two countries' commitment to military cooperation as an important dimension of their evolving relationship, notwithstanding their lack of a formal defense alliance. The recurring exercises and other joint military activities have a related mutual reassurance function, informing Beijing and Moscow about the other's military intentions toward one another. This was most evident in last year's Vostok exercise, when the Russian Eastern Military District, responsible for military planning for possible war scenarios with China, for the first time conducted its large quadrennial military exercise with PLA participation.

Despite these reciprocal benefits, these exercises have *not* yet established a solid basis for a sustained major joint Sino-Russian military operation. Even in the SCO context, China and Russia lack the interoperability or integrated command, control, and support mechanisms required to conduct an effective combined military campaign. The Chinese-Russian drills do not rehearse integrated military operations to the same degree as, for example, the United States does with its closest military allies. The exercises the Chinese and Russian armed forces undertake without foreign participation are also considerably larger than their joint drills with one another.

At best, the Chinese and Russian armed forces can now better de-conflict any parallel operations in a combined military campaign such as might occur in a joint counterterrorist or peacekeeping mission in a nearby country. For instance, they could employ a sectoral approach in which they would conduct concurrent but geographically separate operations in a common military campaign, as might occur in a joint effort to suppress a major Islamist insurgency in a Central Asian country. Even so, if these two countries' exercises grow further in scope and complexity, they will expand the Sino-Russian capacity for future joint operations.

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<sup>7</sup>Zi Yang, "Vostok 2018: Russia and China's Diverging Common Interests," *The Diplomat*, September 17, 2018, <https://thediplomat.com/2018/09/vostok-2018-russia-and-chinas-diverging-common-interests/>; Cristina Garafola, "People's Liberation Army Reforms and Their Ramifications," *Rand Blog*, September 23, 2016, <https://www.rand.org/blog/2016/09/pla-reforms-and-their-ramifications.html>; and Franz-Stefan Gady, "Why the West Should Not Underestimate China-Russia Military Ties", *Stratfor*, February 13, 2019, <https://worldview.stratfor.com/article/why-west-should-not-underestimate-china-russia-military-ties>.

*Is there any evidence that China and Russia might coordinate armed aggression to achieve the national goals of one or both countries?*

There is some indication that China and Russia might coordinate armed aggression to achieve the national goals of one or both countries but also substantial evidence against such a contingency. Both governments deny intent to establish a mutual defense alliance or that their bilateral and multilateral military cooperation is directed against any country. However, Russian and Chinese officials, including their presidents, have advocated strengthening their defense partnership further. In the future, they could rehearse more integrated operations in their exercises, conduct more extensive collaborative defense R&D, or pursue a joint missile defense system. Greater defense collaboration would make the two countries more formidable military rivals of the United States and its allies.

In the past, the main focus of Chinese and Russian security attention was primarily directed at different areas, with the notable exceptions of Central Asia and Northeast Asia. More recently, they have more directly supported each other against third parties, primarily through diplomacy but also through military activities. As noted, their combined exercises establish the basis for more effective joint military actions in diverse geographic regions in the future.

Unlike the earlier Soviet-era bilateral defense treaty signed between Beijing and Moscow, however, their July 2001 friendship and cooperation treaty lacks a mutual defense clause in which both parties commit to providing military assistance in case the other is attacked by a third party. The 2001 treaty establishes a basis for extensive bilateral security and defense collaboration but does not mandate joint military action against a third party. Its five core principles include “mutual respect of state sovereignty and territorial integrity, mutual non-aggression, mutual noninterference in each other's internal affairs, equality and mutual benefit and peaceful coexistence.” Through a mutual non-aggression clause, Beijing and Moscow commit not to employ or threaten the use of military force against each other: “The contracting parties shall not enter into any alliance or be a party to any bloc nor shall they embark on any such action, including the conclusion of such treaty with a third country which compromises the sovereignty, security and territorial integrity of the other contracting party.

Neither side of the contracting parties shall allow its territory to be used by a third country to jeopardize the national sovereignty, security and territorial integrity of the other contracting party.” The treaty extends their earlier nuclear missile non-targeting pledge to include mutual adoption of a “no first use” nuclear weapons posture toward each other. Furthermore, the parties commit to supporting arms reduction and confidence-building measures along their joint border. Article 9 specifically provides for holding immediate mutual consultations “when a situation arises in which one of the contracting parties deems that peace is being threatened and undermined or its security interests are involved or when it is confronted with the threat of aggression.” Article 10, meanwhile, calls for regular meetings “at all levels” to allow both sides to exchange views and “co-ordinate their stand on bilateral ties and on important and urgent international issues of common concern.” The treaty’s initial duration is twenty years, but the text allows for automatic five-year extensions unless either party objects. Beijing and Moscow could amend their friendship treaty to incorporate collective defense provisions, such as those



found in the U.S. security treaties with Japan and South Korea, but have not yet given any indication that they will do so.

Despite their generally harmonious regional security stances, Beijing and Moscow have not fully backed the others' territorial claims. For example, Moscow has not completely endorsed Beijing's territorial claims in the South or East China Seas. Meanwhile, though Beijing has not joined Western condemnation of Russian actions in Georgia and Ukraine, it has not completely supported them either. The presumed reason for this stance is Chinese aversion to separatist movements, whether in Abkhazia, Novorossiia, and South Ossetia or in China's own territories of Tibet, Taiwan, Xinjiang, and Hong Kong. Both are concerned about being entrapped into a conflict with a third party by the other's unilateral actions. Beijing does not want to become entangled into a military confrontation with the United States because of belligerent or unintentional Russian missteps in the Middle East or Europe. Similarly, Moscow does not want to be forced to take sides if China clashes with other strategic Russian economic and military partners such as Vietnam or India.<sup>8</sup> The two countries have essentially agreed to disagree on these issues, a stance made easier by the fact that neither sees the other partner's support as critical for achieving its territorial objectives, even in the case of armed aggression.

These contradictory pressures mean that Chinese and Russian responses regarding aggression by the other will depend considerably on the conditions prevailing at the time. However, their national security communities would be tempted to exploit U.S. preoccupation with parrying aggression by one party to advance their own ambitions.

*What are the implications of closer China-Russia defense cooperation for the NATO alliance, Japan, and other key U.S. treaty allies and partners?*

The United States and its allies must therefore prudently plan for future military contingencies in which Russia and China will exploit U.S. conflicts with one of them to achieve gains at U.S. expense. In the case of a NATO-Russian conflict in Europe, U.S. allies in Asia will need to prepare for Chinese opportunistic aggression, while the converse would prove true during Chinese-U.S. conflicts in Asia. The Russian government has already displayed its deft proclivity—in Georgia, Ukraine, and Syria—to employ military force to achieve strategic targets of opportunity. The Chinese government could well make similar calculations in the future.

Greater alignment between the two countries in the security realm could pose additional challenges to the United States, its NATO allies, and other regional partners. For example, Western sanctions against the Russian defense sector will become less effective if Russian military importers can increasingly acquire defense technology from China's improving military-industrial complex. Though striving to decrease their reliance on foreign products, Russian

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<sup>8</sup> Vasily Kashin, "Russian-Chinese Security Cooperation and Military-to-Military Relations," *Italian Institute for International Political Studies*, December 21, 2018, <https://www.ispionline.it/en/pubblicazione/russian-chinese-security-cooperation-and-military-military-relations-21828>.

military manufacturers would likely consider buying some Chinese defense technologies in cases where the PRC sellers could offer superior products to those manufactured in Russia. Before the Ukraine conflict ended easy Russian access to Western defense items, the Russian government encouraged its military to buy NATO military goods that were better or cheaper than national versions.

In Northeast Asia, the growing Sino-Russian defense partnership has complicated U.S. military planning with Japan and the Republic of Korea (ROK) as well as worsened the regional security environment. Beijing's and Moscow's vigorous opposition to the deployment of advanced U.S. missile defenses in South Korea has illuminated how they perceive increased ROK-U.S. military ties as a potential threat. Their preferred resolution of the Korean conflict is the removal of all U.S. military forces from the Korean Peninsula and the end of the U.S. defense alliance with the ROK.

*The Commission is mandated to make policy recommendations to Congress based on its hearings and other research. What are your recommendations for Congressional action related to the topic of your testimony?*

Sino-Russian defense cooperation will likely deepen in coming years due to their already rich network of common security institutions and connections, the mutual benefits they gain from cooperation, and their lack of alternative security partners. It would take a major and improbable shock to break the defense alignment between their current national security establishments.

U.S. government agencies should closely monitor the Chinese-Russian defense relationship since it has the potential to be one of the most significant international security developments at this time. Until recently, the United States has shown little concern about a potential combined military threat from China and Russia, instead concentrating on the threats posed by their individual actions rather than any joint efforts. This has begun to change in both the executive and congressional branches, as seen in recent U.S. national security documents and congressional attention on the implications of the Sino-Russian defense partnership, a direction that should be sustained.

U.S. and allied governments also need to comprehensively assess combined actions by Beijing and Moscow that can negate U.S. conventional military advantages and impede U.S. use of global commons and U.S. international power projection. For example, U.S. and allied intelligence agencies should devote adequate resources to monitoring Sino-Russian arms sales, military exchanges, and other interactions. The European Union, and especially Asian security partners of the United States, need to follow U.S. leadership in paying more attention to the implications of the growing Sino-Russian defense partnership.

Instability in U.S. foreign policy, especially regarding critical U.S. security allies, can lead the leaders of China and Russia to value their alignment even more as an element of stability and predictability in an uncertain world. Strains in U.S. alliances encourage Chinese and Russian mischief making designed to weaken these partnerships. For example, both Beijing and Moscow



*Richard Weitz, Testimony before the United States-China Economic and Security Review Commission, on "An Emerging China-Russia Axis? Implications for the United States in an Era of Strategic Competition," March 21, 2019*

hope to exploit potential South Korean-U.S. divergences regarding North Korea to decrease their joint military activities, with one goal being the removal of all U.S. forces from the Republic of Korea.

Western defense sanctions could be designed to deny Beijing and Moscow military technologies that they could obtain from the other to avoid counterproductively strengthening their defense industrial ties. In this regard, Washington should continue to pressure the EU to maintain its arms embargo on Beijing. Furthermore, one benefit of the congressionally enacted CAATSA sanctions is to discourage China from purchasing Russian military technologies.

**OPENING STATEMENT OF ERICA DOWNS, PH.D., SENIOR RESEARCH  
SCIENTIST, CNA; NON-RESIDENT FELLOW, CENTER ON GLOBAL ENERGY  
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CHAIRMAN BARTHOLOMEW: Thank you, Dr. Weitz, and as always, we benefit so much from your testimonies, so thank you. Dr. Downs?

DR. DOWNS: Good morning; it's an honor and a pleasure to participate in today's hearing. I'd like to start by saying that my remarks represent my personal views.

I'm going to talk about the China-Russia energy relationship, and my remarks are divided into three parts. First, I'll talk about the state of the bilateral energy relationship. Second, I'll discuss the drivers of this relationship, and third, I'll talk about some implications of this relationship for the United States.

My assessment of the China-Russia energy relationship is that it is arguably the best it has ever been. Russian crude oil exports to China increased six fold between 2008 and 2018, reaching 1.4 million barrels per day last year. This growth enabled Russia to surpass Saudi Arabia to become China's largest crude oil supplier on an annual basis in 2016, and Russia maintained this top slot in 2017 and 2018.

As a result, Russia has contributed more than any other country to the diversification of China's oil imports away from the sea lines of communication and major maritime choke points. In 2018, Russia supplied 15 percent of China's crude oil imports and all of this oil either traveled to China over land or a short distance by sea.

In addition, Russia is poised to become a major supplier of natural gas to China. The Yamal LNG project began shipping gas to China last year, and the Power of Siberia pipeline is expected to deliver its first gas to China at the end of this year.

China has already signed contracts totaling 31 million tons of gas with Russia to be delivered from these two projects over the next few decades, and just to put this number into context, if China had imported 31 million tons of Russian gas last year, Russia would have been China's largest supplier of natural gas, accounting for one-third of China's natural gas imports.

What accounts for this growth in the China-Russia energy relationship over the past decade? There are three factors I would like to highlight. The first is that China and Russia have complementary energy strategies. China, the world's largest importer of oil and natural gas, has long sought to maintain a diversity of suppliers and import routes, balancing seaborne and pipeline imports.

Russia, one of the world's largest holders and producers of oil and natural gas, has long sought to diversify its exports away from Europe towards China and other fast-growing economies in Asia.

Second, China has taken advantage of the needs of Russian energy companies for cash to pay down debt and to replace capital loss due to sanctions, to advance its energy interests vis-a-vis Russia. So in the oil sector between 2005 and 2013, Chinese entities agreed to provide loans and oil prepayments totaling around \$100 billion to Russian energy companies. In return, they secured long-term oil supply contracts and the development of the East Siberia Pacific Ocean pipeline spur to deliver that oil to China.

In the natural gas sector, Chinese financial institutions provided the Yamal LNG project with \$14 billion in financing to enable the project to finish on time and on budget, despite sanctions on the project's operator, Novatec.

Third, the emergence of new Chinese crude oil importers, notably China's independent

refineries, have contributed to the growth of Russian crude oil exports to China. The independent refineries received permission from the Chinese government to import crude in 2015, and Russia quickly became one of their preferred suppliers.

This is because the independent refineries are primarily located in Shandong Province in northeast China, and so the relatively short distance from the Russian port of Kozmino to Shandong made the smaller cargoes that these refineries prefer more economical than shipments from suppliers further afield.

So this brings me to the last part of my remarks: What does all of this mean for the United States? Here I have three implications to discuss. The first one is that there is still room in China's import portfolio for more U.S. crude oil and LNG.

The substantial growth in Russian crude oil exports to China over the past decade and the large volume of Russian gas that Chinese companies have already agreed to purchase from Russia did not prevent China from buying U.S. crude oil and LNG. Moreover, I strongly suspect that any solution to the ongoing U.S.-China trade dispute is going to involve agreements by Chinese companies to buy more U.S. energy, especially LNG.

However, a more protracted U.S.-China trade dispute may increase China's interest in importing more natural gas from Russia, which could limit China's overall imports of LNG, including from the United States.

Here, my view is that uncertainty in Beijing about how the trade dispute will play out, especially if it drags on for a long time, combined with some other factors, might make the Chinese more interested in the development of a second cross-border natural gas pipeline from Russia to China.

Finally, the third implication is that energy is emerging as an area where China-Russia cooperation is complicating the exercise of U.S. power in the world. Here I'll be building on some of the remarks that Bob Sutter made.

I have three data points in the energy space to support this implication. The first one is the Power of Siberia Pipeline. When China and Russia finally reached an agreement on this pipeline in May 2014 in Shanghai, and in my view, the time and the place of the reaching of this agreement are significant because they demonstrated the looming U.S. and EU sanctions on Russia would neither derail Russia's plans to sell natural gas to China, nor completely isolate Russia internationally.

The second data point is the Yamal LNG project. As I just mentioned, it seems highly unlikely that this project would have been completed on time and on budget without Chinese financing, and I suspect that the decision to support this project appears to have been made at the top of the Chinese political system, given that Chinese financial institutions did not agree to provide money until after a meeting between senior officials from both countries in April 2015.

Finally, the last data point is that at a bilateral energy forum in November, senior Chinese and Russian officials discussed the importance of bilateral energy cooperation in blunting the effects of the U.S.-China trade dispute and perhaps U.S. sanctions on Russia.

This testimony marks a change in my view of the China-Russia energy cooperation and the role it plays in the bilateral relationship. A decade ago, I argued that energy was a weak link in the bilateral relationship and not a force of convergence. Today I see energy as a pillar of the bilateral relationship, and one that is facilitating cooperation between China and Russia on other issues. Thank you.

**PREPARED STATEMENT OF ERICA DOWNS, PH.D., SENIOR RESEARCH  
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March 21, 2019

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Testimony before the U.S.-China Economic and Security Review Commission

Hearing on An Emerging China-Russia Axis: Implications for the United States in an Era of Strategic Competition

Panel 1: Ties that Bind: Current Areas of Sino-Russian Cooperation

### **China-Russia Energy Relations<sup>1</sup>**

#### **Summary**

- The China-Russia energy relationship is arguably more robust than it has ever been. Russia is China's largest supplier of crude oil imports on an annual basis, a position it has held since 2016. In addition, Russia is set to become a major source of natural gas for China as new export projects come online and ramp up to full capacity.
- These deepening energy ties are the product of three factors: complementary Chinese and Russian energy strategies, China's strategic provision of capital to Russian energy companies facing financial difficulties to secure oil supply contracts and support the development of Russian energy export infrastructure, and the emergence of new Chinese oil traders with appetites for Russian crudes.
- The substantial increase in Russia's crude oil exports to China over the past decade and the expected growth in Russia's natural gas exports to China over the next decade has not prevented the United States from selling crude oil and LNG to China. However, a protracted US-China trade dispute might spur China to import more Russian natural gas, which would reduce China's demand for LNG imports.
- Energy is emerging as an area where China-Russia cooperation is complicating the exercise of US power in the world. Not only is Chinese support for the development of Russian energy export infrastructure blunting the effects of US sanctions on Russia, but Beijing and Moscow also regard energy cooperation a way to counter other US actions inimical to their interests.

#### **The State of the Bilateral Energy Relationship**

China-Russia energy relations have improved dramatically. In the mid-2000s, the bilateral energy relationship was one of enormous unfulfilled potential as a result of the lack of infrastructure necessary

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<sup>1</sup> This statement is based on Erica Downs, "China-Russia Energy Relations: Better Than Ever," in Erica Downs, James Henderson, Mikal E. Herberg, Shoichi Itoh, Meghan L. O'Sullivan, Morena Skalamera and Can Soylu, *The Emerging Russia-Asia Energy Nexus*, National Bureau of Asian Research, NBR Special Report #74, December 2018, 17-31. It reflects my personal views.

for the export of large volumes of Russian oil and natural gas to China.<sup>2</sup> Today, Russia is China's largest source of crude oil imports, due in large part to the construction of Russia's East Siberia Pacific Ocean (ESPO) pipeline and its spur to China. Russia is also poised to become a major supplier of natural gas to China within the next decade as new export projects come online and ramp up to full capacity.

## Oil

China's imports of Russian crude have sextupled over the past decade, increasing from 234,000 barrels per day (bpd) in 2008 to 1.4 million bpd in 2018, accounting for 15 percent of China's crude oil imports.<sup>3</sup> Russian crude oil deliveries to China topped 1 million bpd for the first time in 2016, the year Russia surpassed Saudi Arabia to become China's largest supplier of crude oil on an annual basis.<sup>4</sup> Russia retained its status as China's largest crude oil supplier in 2017 and 2018 (See Figure 1).<sup>5</sup>

Russia's emergence as China's biggest supplier of crude oil is underpinned by the development of the ESPO pipeline and its spur to China, which allow Russia to export large volumes of crude to China by land and by sea. The ESPO pipeline stretches from Taishet in East Siberia to the port of Kozmino on Russia's Pacific coast. It has a capacity of 1.2 million barrels per day of which around 630,000 bpd go to Kozmino.<sup>6</sup> The so-called ESPO spur consists of two parallel pipelines running from Skovorodino to Mohe on the Chinese border for onward delivery to Daqing. The two lines of the ESPO spur have the capacity to transport 600,000 bpd.<sup>7</sup> In 2018, Russia shipped 75 percent of the crude it delivered to China via the ESPO spur (580,000 bpd) and the port of Kozmino (495,000 bpd).<sup>8</sup> (Russia also probably exported around 200,000 bpd to China via the Kazakhstan-China oil pipeline, and the remaining 125,000 bpd probably traveled by rail or ship.<sup>9</sup>)

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<sup>2</sup> Erica S. Downs, "Sino-Russian Energy Relations: An Uncertain Courtship," in James Bellacqua, ed., *The Future of China-Russia Relations* (The University Press of Kentucky, 2010), 146-175.

<sup>3</sup> Tian Chunrong, "Analysis of China's Oil Imports in 2008" (2008 nian Zhongguo shiyou jinchukou zhuangkuang fenxi), *International Petroleum Economics (Guoji shiyou jingji)*, No. 3 (2009), 34; and Customs Statistics, <http://43.248.49.97/indexEn>.

<sup>4</sup> Chen Aizhu and Meng Meng, "Russia Beats Saudi Arabia as China's Top Crude Oil Supplier in 2016," Reuters, January 23, 2017, <https://www.reuters.com/article/us-china-economy-trade-crude/russia-beats-saudi-arabia-as-chinas-top-crude-oil-supplier-in-2016-idUSKB1570VJ>.

<sup>5</sup> Chen Aizhu, "Russia remains China's largest oil supplier for 10<sup>th</sup> month," Reuters, January 25, 2018, <https://www.reuters.com/article/us-china-economy-trade-oil/russia-remains-chinas-largest-oil-supplier-for-10th-month-idUSKBN1FE0M2>; and Meng Meng and Chen Aizhu, "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>.

<sup>6</sup> For more information on the ESPO pipeline, see James Henderson and Tatiana Mitrova, *Energy Relations Between Russia and China: Playing Chess with the Dragon*, Oxford Institute for Energy Studies (OIES) Paper (Oxford: OIES), 28-31, <https://www.oxfordenergy.org/wpcms/wp-content/uploads/2016/08/Energy-Relations-between-Russia-and-China-Playing-Chess-with-the-Dragon-WPM-67.pdf>.

<sup>7</sup> "New Line of China-Russian Oil Pipeline Begins Operation," Xinhua, January 1, 2018, [http://www.xinhuanet.com/english/2018-01/01/c\\_136864998.htm](http://www.xinhuanet.com/english/2018-01/01/c_136864998.htm).

<sup>8</sup> "Viewpoint: China to maintain grip on ESPO Blend crude," Argus Media, December 28, 2018, <https://www.argusmedia.com/en/news/1818919-viewpoint-china-to-maintain-grip-on-espo-blend-crude>

<sup>9</sup> For information on deliveries via Kazakhstan, see Vladimir Soldatkin and Gleb Gorodyankin, "Exclusive: Russia's Rosneft aims for big boost in oil exports to China- sources," Reuters, October 6, 2017, <https://www.reuters.com/article/us-russia-china-oil-exclusive/exclusive-russias-rosneft-aims-for-big-boost-in-oil-exports-to-china-sources-idUSKBN1CB1KE>.

Russia has done more than any other country to help China diversify its oil imports away from the sea lines of communication and major maritime chokepoints such as the Strait of Hormuz and the Strait of Malacca. The 1.4 million bpd that Russia exported to China in 2018 traveled either overland (either directly from Russia or via the Kazakhstan-China oil pipeline) or a relatively short distance by sea from the port of Kozmino. In contrast, Kazakhstan, China's other overland supplier, only delivered 46,000 bpd last year.<sup>10</sup> Together, Russia and Kazakhstan accounted for 16 percent of China's crude oil imports in 2018; the remaining 84 percent were seaborne deliveries.

### **Natural Gas**

Russia is set to also become a large supplier of natural gas to China. The Power of Siberia pipeline will deliver natural gas from East Siberia to the Chinese border for 30 years.<sup>11</sup> Deliveries are scheduled to start in December 2019 and will gradually ramp up to 38 billion cubic meters (bcm) (28 million tons) per year.<sup>12</sup> Meanwhile, Yamal LNG began operations in December 2017 and shipped its first cargo to China in July 2018.<sup>13</sup> The project reached full capacity in December 2018 and will ship 3 million tons per year to China for 20 years.<sup>14</sup>

The 31 million tons of Russian gas already contracted by China is more than the amount China imported from Turkmenistan (25 million tons), its largest supplier of natural gas in 2018 (See Figure 2).<sup>15</sup> If China had imported 31 million tons of natural gas from Russia last year, Russian supplies would have accounted for one-third of China's total natural gas imports.<sup>16</sup> If China were to import 31 million tons of Russian gas in 2023, when Gazprom expects Power of Siberia to be operating at full capacity, Russian gas would constitute about one-quarter of the total amount of natural gas the International Energy Agency projects China will import in that year.<sup>17</sup>

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<sup>10</sup> Customs Statistics, <http://43.248.49.97/indexEn>.

<sup>11</sup> Gazprom, "Power of Siberia: The largest gas transmission system in Russia's Far East," [www.gazprom.com/projects/power-of-siberia/](http://www.gazprom.com/projects/power-of-siberia/).

<sup>12</sup> Stuart Elliott, "Outlook 2019: Gazprom faces leaner 2019, focus firmly on key natural gas pipeline projects," Platts, December 28, 2018, <https://www.spglobal.com/platts/en/market-insights/latest-news/natural-gas/122818-outlook-2019-gazprom-faces-leaner-2019-focus-firmly-on-key-natural-gas-pipeline-projects>.

<sup>13</sup> "Russia's Novatek ships first LNG cargo to China via Arctic," Reuters, July 18, 2018, <https://www.reuters.com/article/us-novatek-cnpc-lng/russias-novatek-ships-first-lng-cargo-to-china-via-arctic-idUSKBN1K90YN>.

<sup>14</sup> "Yamal LNG project reaches full production capacity," Xinhua, December 12, 2018, [http://www.xinhuanet.com/english/2018-12/12/c\\_137666821.htm](http://www.xinhuanet.com/english/2018-12/12/c_137666821.htm); Yamal LNG, "Binding Contract on LNG Supply Concluded with CNPC," Press Release, May 20, 2014, [www.novatek.ru/business/yamal-lng/yamal\\_press\\_release/index.php?&from\\_4=3](http://www.novatek.ru/business/yamal-lng/yamal_press_release/index.php?&from_4=3).

<sup>15</sup> Customs Statistics, <http://43.248.49.97/indexEn>.

<sup>16</sup> Customs Statistics, <http://43.248.49.97/indexEn>.

<sup>17</sup> Stuart Elliott, "Outlook 2019: Gazprom faces leaner 2019, focus firmly on key natural gas pipeline projects," Platts, December 28, 2018, <https://www.spglobal.com/platts/en/market-insights/latest-news/natural-gas/122818-outlook-2019-gazprom-faces-leaner-2019-focus-firmly-on-key-natural-gas-pipeline-projects>; International Energy Agency, *Gas 2018* (Paris: OECD, 2018), 16, 68.



## **Drivers of the Energy Relationship**

The deepening energy relationship between China and Russia is rooted in the countries' complementary energy strategies, China's strategic provision of financing to Russian energy companies, and the emergence of new Chinese oil importers with appetites for Russian crudes.

### ***Complementary Energy Strategies***

China and Russia have complementary energy strategies. China, which is the world's largest importer of oil and natural gas, has long sought to maintain a diversity of suppliers and import routes. Indeed, diversifying China's oil imports away from the Persian Gulf and major maritime chokepoints, including the Strait of Hormuz and the Strait of Malacca underpinned the efforts of the Chinese government and China's national oil companies to secure the flow of large volumes of Russian crude to China. Russia, which is one of the world's largest owners and producers of oil and natural gas, has long sought to diversify its oil and natural gas exports away from Europe and towards China and other fast-growing economies in Asia. In addition, the fact that China and Russia are neighbors allows for the direct delivery of Russian energy to China free from third-party countries, which require transit fees and have the power to withhold supplies.

### ***China's Strategic Provision of Financing***

Over the past fifteen years, China has taken advantage of the needs of Russian energy companies for cash – both to pay debts and to replace capital lost from the West due to U.S. and European Union sanctions – to advance its energy interests vis-à-vis Russia. Specifically, Chinese entities have extended loans to Russian energy companies to secure long-term, large-volume oil supply contracts, the construction of infrastructure to deliver this oil to China, and the development of Yamal LNG. These financing arrangements facilitated Russia's emergence as China's top crude oil supplier and the start of the delivery of Russian LNG to China under long-term contract.

In 2005, Chinese banks began providing loans and prepayments for oil to Russian energy firms to obtain long-term supply contracts. In that year, China Development Bank (CDB) and the Export-Import Bank of China loaned \$6 billion to Rosneft, the Russian national oil company.<sup>18</sup> Rosneft used the money to refinance the \$6.1 billion it borrowed from Russian banks to purchase the main oil producing asset of Yukos, a private Russian oil company that had fallen into bankruptcy. Rosneft secured the loan with a contract to deliver about 180,000 bpd to China in 2005-2010.

In 2009, Chinese cash helped Rosneft and Transneft, Russia's pipeline monopoly, weather the collapse in oil prices in the second half of 2008 and tightening global credit markets. Rosneft had a debt payment of \$8.46 billion due in 2009, while Transneft expected its capital expenditure to increase with the construction of major export pipelines to Europe and Asia.<sup>19</sup> CDB agreed to extend loans of \$15 billion to

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<sup>18</sup> This paragraph is based on Rosneft, "Management's Discussion and Analysis of Financial Position and Results of Operations for the years ended December 31, 2006, 2005 and 2004," 7, [https://www.rosneft.com/upload/site2/document\\_cons\\_report/9AltaFqmS6.pdf](https://www.rosneft.com/upload/site2/document_cons_report/9AltaFqmS6.pdf), and James Henderson, "Rosneft – On the Road to Global NOC Status?" Oxford Institute for Energy Studies, WPM 44, January 2012, 7-8, [https://www.oxfordenergy.org/wpcms/wp-content/uploads/2012/01/WPM\\_44.pdf](https://www.oxfordenergy.org/wpcms/wp-content/uploads/2012/01/WPM_44.pdf).

<sup>19</sup> Rosneft, "Q4 and 12M 2009 USGAAP Results," February 1, 2010, 23, [https://www.rosneft.com/upload/site2/document\\_file/d1pW569Hvr.pdf](https://www.rosneft.com/upload/site2/document_file/d1pW569Hvr.pdf); "Rosneft Due to Pay Off \$8.5 Bln Debt in

Rosneft and \$10 billion to Transneft with twenty-year terms in return for the delivery of 300,000 bpd for 20 years and the construction of the ESPO spur.<sup>20</sup>

In 2013, China came to Rosneft's rescue again. The company had borrowed \$31 billion from international banks to finance its \$55 billion acquisition of TNK-BP in 2013 and had to pay back \$15.9 billion in 2014 and \$16.2 billion in 2015.<sup>21</sup> China National Petroleum Corporation (CNPC) ensured that Rosneft had adequate funds to make these payments. The Chinese company agreed to provide \$70 billion in prepayment for future oil supplies. In return, Rosneft agreed to deliver an additional 2.64 billion barrels over the next 25 years and expand the capacity of the ESPO spur to 400,000 bpd in 2015 and to 600,000 bpd in 2018.<sup>22</sup>

In 2016, Chinese financial institutions provided Yamal LNG with the external financing it needed to move forward despite US sanctions. Washington's imposition of sanctions on Novatek, the majority owner of Yamal LNG, in July 2014 restricted the project's borrowing options.<sup>23</sup> After Novatek failed to attract financing from Western banks, Chinese financial institutions agreed to lend a helping hand.<sup>24</sup> The Silk Road Fund moved first, acquiring a 9.9 percent stake in the project for EUR 1.087 million (\$1.2 billion) and extending a loan of EUR 730 million (\$798 million) in March 2016.<sup>25</sup> The president of the Silk Road Fund said he hoped that the fund's "entrance into the project will facilitate an expedited close of the

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2009," Interfax, February 27, 2009, Factiva; and "Reuters Summit – Transneft to Seek More Funds as Costs Rise," Reuters, September 10, 2008, Factiva.

<sup>20</sup> Erica S. Downs, *Inside China, Inc.: China Development Bank's Cross-Border Energy Deals*, Brookings Institution, John L. Thornton China Center, Monograph, No. 3, March 2011, 40-41, [https://www.brookings.edu/wp-content/uploads/2016/06/0321\\_china\\_energy\\_downs.pdf](https://www.brookings.edu/wp-content/uploads/2016/06/0321_china_energy_downs.pdf).

<sup>21</sup> Vladimir Soldatkin, "Update 1 – Rosneft says China starts prepayments for oil deals," Reuters, January 15, 2014, <https://www.reuters.com/article/rosneft-china-idUSL5N0KP2AY20140115>.

<sup>22</sup> Nadezhda Sladkova, "Rosneft reveals prepayment deals but questions remain," *NEFTE Compass*, August 1, 2013, Factiva; and Jacob Gronholt-Pedersen, "Refile-Factbox-Russia-China crude oil deals," Reuters, February 19, 2014, <https://uk.reuters.com/article/china-russia-crude/refile-factbox-russia-china-crude-oil-deals-idUKL3NOLI3K720140219>.

<sup>23</sup> U.S. Department of the Treasury, "Announcement of Treasury Sanctions on Entities Within the Financial Services and Energy Sectors of Russia, Against Arms or Related Material Entities, and those Undermining Ukraine's Sovereignty," July 16, 2014, <https://www.treasury.gov/press-center/press-releases/pages/jl2572.aspx>.

<sup>24</sup> James Marson, "Russia Skirts U.S. Sanctions With \$27 Billion Arctic Gas Plant," *Wall Street Journal*, December 8, 2017, <https://www.wsj.com/articles/russia-skirts-u-s-sanctions-with-27-billion-arctic-gas-plant-1512731306>.

<sup>25</sup> Novatek, "Novatek and China's Silk Road Fund Sign Binding Definitive Agreements," Press Release, December 17, 2015, [http://www.novatek.ru/en/press/releases/archive/index.php?id\\_4=1056&from\\_4=01.01.2015&to\\_4=31.12.2015](http://www.novatek.ru/en/press/releases/archive/index.php?id_4=1056&from_4=01.01.2015&to_4=31.12.2015); Novatek, "Novatek and China's Silk Road Fund Conclude Selling 9.9% Stake in Yamal LNG," Press Release, March 15, 2016, [http://www.novatek.ru/en/investors/events/archive/index.php?id\\_4=1165&from\\_4=01.01.2016&to\\_4=31.12.2016&from\\_4=5](http://www.novatek.ru/en/investors/events/archive/index.php?id_4=1165&from_4=01.01.2016&to_4=31.12.2016&from_4=5).

project's general external financing.”<sup>26</sup> CDB and the Export-Import Bank of China agreed to provide two loans in Euros and Renminbi totaling \$12.1 billion in April 2016.<sup>27</sup>

Chinese financiers probably supported Yamal LNG for several reasons. First, CNPC had acquired a twenty percent stake in the project from Novatek in January 2014 (The project's fourth owner is Total, which also holds 20 percent).<sup>28</sup> Second, the project provided Chinese companies with an opportunity to expand their manufacturing capabilities to another part of the LNG supply chain by building core modules for the project, the first to be independently designed and manufactured by a Chinese firm.<sup>29</sup> Third, the project generated business for 45 Chinese companies, which secured manufacturing contracts worth \$8.5 billion and shipping contracts worth \$7.8 billion.<sup>30</sup> Fourth, Yamal LNG furthers Beijing's objective of developing Arctic shipping routes.<sup>31</sup> (Note: Rosneft CEO Igor Sechin also supports more bilateral cooperation in this area. In a November 2018 speech, he said joint development of oil and natural gas resources in the Arctic and the development of navigation on the Northeast Passage as potential may become “new growing points” of China-Russia cooperation.<sup>32</sup>)

### ***New Chinese Crude Importers***

Another factor that has contributed to the growth of Russian crude oil exports to China is the emergence of China's independent refineries as oil traders. In 2015, Beijing granted China's independent refineries – often called “teapots” – direct access to imported crude oil, a privilege that had previously been enjoyed by only a handful of state-owned companies.<sup>33</sup> The central government awarded the independent refineries, most of which are located in Shandong province in northeast China, import

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<sup>26</sup> Novatek, “Novatek and the Silk Road Fund Conclude Framework Agreement on Acquisition of Stake in Yamal LNG,” Press Release, September 3, 2015, [http://www.novatek.ru/en/press/releases/archive/index.php?id\\_4=984&afrom\\_4=01.01.2015&ato\\_4=31.12.2015&from\\_4=2](http://www.novatek.ru/en/press/releases/archive/index.php?id_4=984&afrom_4=01.01.2015&ato_4=31.12.2015&from_4=2).

<sup>27</sup> Novatek, “Yamal LNG Signed Loan Agreements with the Export-Import Bank of China and the China Development Bank,” Press Release, April 29, 2016, [www.novatek.ru/common/upload/doc/2016\\_04\\_29\\_press\\_release\\_Chinese\\_banks\\_FA\\_\(ENG\).pdf+&cd=1&hl=en&ct=clnk&gl=us](http://www.novatek.ru/common/upload/doc/2016_04_29_press_release_Chinese_banks_FA_(ENG).pdf+&cd=1&hl=en&ct=clnk&gl=us).

<sup>28</sup> Novatek, “Novatek closes sale of 20% interest in Yamal LNG to CNPC,” Press Release, January 14, 2014, [http://www.novatek.ru/en/investors/events/archive/index.php?id\\_4=826&afrom\\_4=01.01.2014&ato\\_4=31.12.2014&from\\_4=4](http://www.novatek.ru/en/investors/events/archive/index.php?id_4=826&afrom_4=01.01.2014&ato_4=31.12.2014&from_4=4).

<sup>29</sup> China National Offshore Oil Corporation, “COOEC Delivers 36 Core Modules of Yamal LNG Project on Time,” Press Release, August 18, 2017, [http://www.cnooc.com.cn/art/2017/8/18/art\\_6261\\_2708441.html](http://www.cnooc.com.cn/art/2017/8/18/art_6261_2708441.html); Zheng Xin and Zhang Min, “Top-End Oil-Gas Equipment Next,” *China Daily*, April 17, 2017, [http://www.chinadaily.com.cn/business/2017-4/17/content\\_28952838.htm](http://www.chinadaily.com.cn/business/2017-4/17/content_28952838.htm).

<sup>30</sup> “Made in China Becomes a New Feature of the Arctic and Opens the Arctic Channel to Boost the Polar Silk Road” (Zhongguo zhizao dazao Beiji quan xin mingpian kaipi Beiji hangdao zhuti “bing shang sichou zhi lu”), China Central Television, December 9, 2017, <http://news.cctv.com/2017/12/09/ARTIUyOFJXLK3yNlj09bOaZ1171209.shtml>.

<sup>31</sup> Information Office of the State Council of the People's Republic of China, China's Arctic Policy (Beijing, January 2018), [http://english.gov.cn/archive/white\\_paper/2018/01/26/content\\_281476026660336.htm](http://english.gov.cn/archive/white_paper/2018/01/26/content_281476026660336.htm).

<sup>32</sup> Rosneft, “First Russian-Chinese Energy Business Forum Held in Beijing,” November 29, 2018, <https://www.rosneft.com/press/today/193103/>.

<sup>33</sup> National Development and Reform Commission, “Notice of the National Development and Reform Commission on issues related to the use of imported crude” (Guojia fazhan gaige wei guanyu jinkou yuanyou shiyong guanli youguan wenti de tongzhi), Document No. 253 (2015), [http://www.sdpc.gov.cn/gzdt/201502/t20150216\\_664965.html](http://www.sdpc.gov.cn/gzdt/201502/t20150216_664965.html).

quotas totaling 1.5 million bpd in 2016 and 1.9 million bpd in 2017.<sup>34</sup> Russia quickly became a preferred supplier of the independent refineries because the short distance from Kozmino (compared to Persian Gulf ports) to Shandong makes the smaller cargoes they prefer more economical.<sup>35</sup> Purchases of Russian crudes by the independent refineries accounted for more than 90 percent of the growth in Russian exports to China in 2016 and all of the growth in 2017.<sup>36</sup>

Another new buyer of Russian crude emerged in September 2017, when CEFC signed a supply contract with Rosneft for 244,000 bpd over five years.<sup>37</sup> Rosneft began delivering the crude in January 2018.<sup>38</sup> Rosneft has said it will honor the supply contract despite the collapse of CEFC's plans to purchase a 14.16% stake in Rosneft.<sup>39</sup>

## Implications for the United States

The good news is that there is still space for US crude oil and LNG in China's import portfolio despite the dramatic growth in Russia's crude oil exports to China over the past decade and the large volume of Russian natural gas China has agreed to purchase over the next three decades, although a protracted US-China trade dispute may increase Chinese interest in importing more Russian gas. The bad news is that China-Russia energy cooperation is complicating the United States' exercise of power in the world.

### *There is still space for US crude oil and LNG in China's import portfolio.*

The growth in Russian crude oil exports to China has not prevented the United States from also selling crude oil to China. In 2017, China emerged as the second largest buyer of U.S. crude after Canada,

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<sup>34</sup> Julien Mathonniere, "Insight: China Takes a Driving Seat in Global Oil Markets," ICIS, December 13, 2017, <https://www.icis.com/resources/news/2017/12/13/10173856/insight-china-takes-a-driving-seat-in-global-oil-markets/?redirect=english>; Chen Aizhu and Meng Meng, "Update 1 – China March Refinery Runs Hit Record; Crude Output Near Multi-Year Low," Reuters, April 16, 2018, <https://uk.reuters.com/article/china-economy-output-oil/update-1-china-march-refinery-runs-hit-record-crude-output-near-multi-year-low-idUKL3N1RT29B>.

<sup>35</sup> Gawoon Philip Vahn, Deborah Lee and Dexter Wang, "Far East Russian crudes rally as China shifts focus to low sulfur crudes," Platts, October 25, 2016, <http://www.platts.com/latest-news/oil/singapore/far-east-russian-crudes-rally-as-china-shifts-27695519>; Meng Meng and Chen Aizhu, "Russia beats Saudi for third straight month as China's top crude supplier," Reuters, June 21, 2016, <http://www.reuters.com/article/us-china-crude-imports-idUSKCN0Z72DX>.

<sup>36</sup> "Table of China December Data on Oil, Oil Product, LNG Imports," *Dow Jones Institutional News*, January 23, 2017, Factiva; and ICIS, *Monthly Report on Independent Refineries (Zhongguo defang lianhang yue bao)*, December 2016, p. 3; "Table of China December Data on Oil, Oil Product, LNG Imports," *Dow Jones Institutional News*, January 25, 2018, Factiva; and multiple reports from Platts used to calculate the independent refineries' crude oil imports in 2017.

<sup>37</sup> Elena Mazneva, Stephen Bierman and Javier Blas, "China Deepends Oil Ties with Russia in \$9 Billion Rosneft Deal," Bloomberg, September 8, 2017, <https://www.bloomberg.com/news/articles/2017-09-08/china-s-cefc-buys-stake-in-rosneft-from-glencore-and-qatar>; "Russia's Rosneft Confirms Oil Supply Deal with China's CEFC," Reuters, November 20, 2017, <http://www.reuters.com/article/us-russia-china-oil/russias-rosneft-confirms-oil-supply-deal-with-chinas-cefc-idUSKBN1DK0JZ>.

<sup>38</sup> "Russia's Rosneft Confirms Oil Supply Deal with China's CEFC," Reuters, November 20, 2017, <http://www.reuters.com/article/us-russia-china-oil/russias-rosneft-confirms-oil-supply-deal-with-chinas-cefc-idUSKBN1DK0JZ>.

<sup>39</sup> "Rosneft Tackles CEFC Supplies Dilemma," *NEFTE Compass*, May 31, 2018, Factiva.

purchasing 224,000 bpd.<sup>40</sup> China's imports of US crude increased to 378,000 bpd in January-July 2018 before dropping to 21,000 bpd in August-December 2018 due to the US-China trade dispute.<sup>41</sup>

Similarly, the development of the Power of Siberia Pipeline and Yamal LNG has not stopped China from purchasing US LNG. China, which began importing US LNG in 2016, was the third largest buyer in 2017 after Mexico and Canada, purchasing 1.5 million tons on the spot market.<sup>42</sup> However, China's imports of US LNG did fall by 9 percent in 2018 as a result of the trade dispute, which saw Beijing impose a 10 percent tariff on US LNG and other goods in response to tariffs imposed by the United States on Chinese goods.<sup>43</sup>

There currently is room for more US crude oil and LNG in China's import portfolio. The International Energy Agency, for example, expects that China's oil imports will increase by 2.2 million bpd between 2017 and 2023.<sup>44</sup> Meanwhile, industry analysts at Bernstein projected in October 2017 that China would need to contract another 70 million tons of LNG per year through 2025 to meet its growing demand.<sup>45</sup> To this end, one U.S. exporter, Cheniere, signed an agreement with CNPC in February 2018 to ship 1.2 million tons of LNG a year to CNPC through 2043.<sup>46</sup> China prefers a balance between pipeline and seaborne imports.<sup>47</sup>

Increased Chinese purchases of US crude oil and LNG are likely to be part of any resolution to the US-China trade dispute. Indeed, Cheniere is expected to sign an LNG supply contract with Sinopec as part of a US-China trade deal.<sup>48</sup> That said, how much "room" there is for US LNG in China will also be affected by growth in China's domestic natural gas production and competition from other exporters, including Australia, Qatar and Russia.

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<sup>40</sup> U.S. Energy Information Administration, "Petroleum & Other Liquids: Exports by Destination," March 8, 2019, [https://www.eia.gov/dnav/pet/pet\\_move\\_expc\\_a\\_EP00\\_EEX\\_mbbldpd\\_a.htm](https://www.eia.gov/dnav/pet/pet_move_expc_a_EP00_EEX_mbbldpd_a.htm).

<sup>41</sup> U.S. Energy Information Administration, "Petroleum & Other Liquids: Exports by Destination," March 8, 2019, [https://www.eia.gov/dnav/pet/pet\\_move\\_expc\\_a\\_EP00\\_EEX\\_mbbldpd\\_a.htm](https://www.eia.gov/dnav/pet/pet_move_expc_a_EP00_EEX_mbbldpd_a.htm); Florence Tan and Chen Aizhu, "Crude Refusal: China shuns U.S. oil despite trade war truce," Reuters, December 21, 2018, <https://www.reuters.com/article/us-usa-trade-china-oil/crude-refusal-china-shuns-u-s-oil-despite-trade-war-truce-idUSKCN1OK0FG>.

<sup>42</sup> "Table of China December Data on Oil, Oil product, LNG Imports," Dow Jones Institutional News, January 25, 2018, Factiva.

<sup>43</sup> Customs Statistics, <http://43.248.49.97/indexEn>; Scott DiSavino and Sabina Zawadzki, "China LNG tariff casts shadow over new U.S. export terminals," Reuters, September 18, 2018, <https://www.reuters.com/article/us-usa-trade-china-lng/china-lng-tariff-casts-shadow-over-new-u-s-export-terminals-idUSKCN1LY27T>.

<sup>44</sup> International Energy Agency, *Oil 2018* (Paris: OECD), 34, 52.

<sup>45</sup> Neil Beveridge et al., "China Steps on the Gas. Will This Trigger the Next LNG Super-Cycle?" Bernstein Research, October 18, 2017, 1.

<sup>46</sup> Ed Crooks and Emiko Terazono, "Cheniere Signs Long-Term LNG Export Deal with China," *Financial Times*, February 8, 2018, <https://www.ft.com/content/cf27354a-0dbf-11e8-8eb7-42f857ea9f09>.

<sup>47</sup> National Development and Reform Commission, National Energy Administration, "Medium and Long-Term Oil and Natural Gas Pipeline Network Plan" (Zhongchangqi youqi guandao wang guihua), May 2017, <http://www.ndrc.gov.cn/zcfb/zcfbghwb/201707/W020170712525204531251.pdf>.

<sup>48</sup> Christopher M. Matthews, "Cheniere Deal with China Signals Country's Key Role in LNG Exports," *Wall Street Journal*, March 4, 2019, <https://www.wsj.com/articles/cheniere-deal-with-china-signals-countrys-key-role-in-lng-exports-11551735153>.

***However, a protracted US-China trade dispute may spur more Russian natural gas exports to China, which could limit China's imports of LNG, including from the United States.***

The US-China trade dispute may increase China's interest in the development of additional infrastructure to deliver natural gas from Russia to China. Uncertainty about how the trade dispute will play out might incentivize China's government and national oil companies to seek additional natural gas supplies from Russia. This is especially likely to be true the longer the dispute drags on.

One proposed project to keep an eye on is the Altai pipeline, also known as Power of Siberia 2, which would deliver 30 bcm of Russian gas from West Siberia to Xinjiang in western China. The Chinese have been less enthusiastic about this pipeline than the Russians, in part because it would compete with the pipeline that runs from Turkmenistan to China via Uzbekistan and Kazakhstan. Indeed, in 2010, Zhang Guobao, then vice chairman of China's National Development and Reform Commission and a key player in China-Russia energy negotiations, told the Russian media that since China already receives gas from Central Asia, "an increase in gas deliveries to Xinjiang is not so important."<sup>49</sup>

However, Beijing's interest in the Altai pipeline appears to have increased. According to Russia's energy minister, Chinese president Xi Jinping "set the task of getting approval for gas supplies via the western route [Altai] during the shortest possible time" during a meeting with Russian president Vladimir Putin in September 2018.<sup>50</sup> To be sure, Xi's words may have been a warning to Turkmenistan, which did not meet its contractual obligations to China in late 2017 and early 2018 and is considering diversifying its natural gas exports away from China.<sup>51</sup> Nonetheless, China's rapid natural gas demand growth combined with uncertainty about the reliability of Turkmenistan as a supplier and the outcome of the US-China trade dispute might increase Chinese interest in the Altai pipeline. If China and Russia were to develop this project, it would reduce China's call on LNG imports.

### ***Energy Cooperation is Complicating the Exercise of US Power in the World***

Energy is emerging as an area where China-Russia energy cooperation is complicating the exercise of US power in the world. (For more on this issue, please see Robert Sutter's testimony.) This observation is based on three data points: the agreement to build the Power of Siberia natural gas pipeline, Chinese financing for Yamal LNG, and remarks made by senior Chinese and Russian officials at an energy forum in 2018. The first two data points illustrate how Chinese political and financial support for the development of Russian energy export infrastructure is blunting the effects of US sanctions on Russia. The third data point indicates that Beijing and Moscow regard energy cooperation as a way to counter other US actions inimical to Chinese and Russian interests, notably the US-China trade dispute.

Power of Siberia: The time (May 2014) and place (Shanghai, China) of the agreement reached by China and Russia to build the long-discussed natural gas pipeline are politically significant because they

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<sup>49</sup> "Interfax China Energy Weekly," Interfax, October 13, 2010, Factiva.

<sup>50</sup> "Moscow, Beijing to Agree Gas Supplies Via Power of Siberia's 'Western Route' Shortly," TASS, September 12, 2018, <http://tass.com/economy/1021135>.

<sup>51</sup> "China searches for solution after being hit by natural gas shortage," *Global Times*, January 3, 2018, <http://www.globaltimes.cn/content/1083117.shtml>; Olzhas Auyezov and Ece Toksabai, "Foreign companies struggle in cash-strapped Turkmenistan," Reuters, June 4, 2018, <https://www.reuters.com/article/turkmenistan-economy-idUSL5N1T50K3>.



demonstrated that looming US and EU sanctions would neither derail Russia's plans to sell large volumes of natural gas to China nor completely isolate Russia internationally. The deal was clinched at a time when Russia's relationships with the United States and Europe had deteriorated due to Russia's annexation of Crimea earlier in the year. Indeed, the threat of sanctions provided a political imperative for Moscow to conclude an agreement for Power of Siberia.<sup>52</sup> The fact that the Chinese were willing to finalize the agreement during a visit to Shanghai by Russian president Vladimir Putin sent a message to Russia (and the rest of the world) that China regarded Russia as an important partner.

Yamal LNG: Russia's second LNG export project (and its first above the Arctic Circle) almost certainly would not have been completed on time and on budget in the face of US (and European Union) sanctions without more than \$14 billion in Chinese financing. The decision to support Yamal LNG appears to have been made at the apex of China's political system given that Chinese financial institutions did not provide financing until after senior Chinese and Russian officials agreed to resolve the financing shortfall for Yamal LNG. Up until the meeting between Russian Deputy Prime Minister Arkady Dvorkovich and Chinese Vice Premier Zhang Gaoli in April 2015, the project had been unable to secure financing from Chinese banks, despite nearly two years of discussions with Chinese financiers including CDB.<sup>53</sup>

China-Russia Energy Business Forum: Senior Chinese and Russian officials discussed the importance of bilateral energy cooperation in the face of the US-China trade dispute and, perhaps, US sanctions on Russia at the China-Russia Business Forum held in Beijing in November 2018. Chinese Vice-Premier Han Zheng said, "I would like to emphasize that the strengthening of the Russian-Chinese energy cooperation is very important for jointly ensuring energy security and forming the open global economy, amid the rise in unilateralism and trade protectionism."<sup>54</sup> His message was well received by Rosneft CEO Igor Sechin. According to Sechin, "certain aspects of the current political conditions in the world, increasing protectionism and threat of trade wars in world economy serve as additional incentives to cooperate more closely and make decisions faster."<sup>55</sup>

This testimony marks a change in my view of China-Russia energy cooperation and the role it plays in the bilateral relationship. A decade ago, I argued that energy was a weak link in China-Russia relations and not a force of convergence.<sup>56</sup> Today, I see energy as a pillar of the bilateral relationship and one that is facilitating cooperation between China and Russia on other issues.

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<sup>52</sup> Thane Gustafson, Zhouwei Diao, and Jenny Yang, "Russia-China Gas Deal: The Winding Road to an Agreement," IHS Energy, Energy Insight, May 23, 2014, 8.

<sup>53</sup> Novatek, "Novatek, CNPC and Chinese banks conclude memorandum on project financing for Yamal LNG," Press Release, September 10, 2013, [www.novatek.ru/en/investors/events/archive/index.php?id\\_4=786&from\\_4=01.09.2013&to\\_4=01.10.2013](http://www.novatek.ru/en/investors/events/archive/index.php?id_4=786&from_4=01.09.2013&to_4=01.10.2013); Yamal LNG, "Memorandum on Project Financing Signed for Yamal LNG," Press Release, May 20, 2014, [http://www.novatek.ru/en/business/yamal-lng/yamal\\_press\\_release/index.php?&from\\_4=3](http://www.novatek.ru/en/business/yamal-lng/yamal_press_release/index.php?&from_4=3); and "Russia, China agree to resolve Yamal LNG financing issue in the next few months," Interfax, April 21, 2015, Factiva.

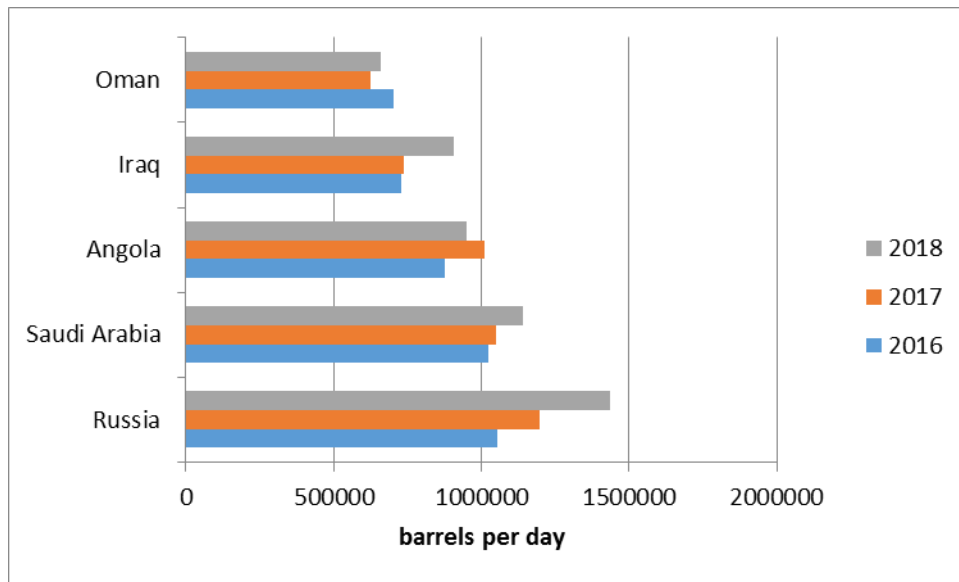
<sup>54</sup> Rosneft, "First Russian-Chinese Energy Business Forum Held in Beijing."

<sup>55</sup> Ibid.

<sup>56</sup> Erica S. Downs, "Sino-Russian Energy Relations: An Uncertain Courtship," 164.

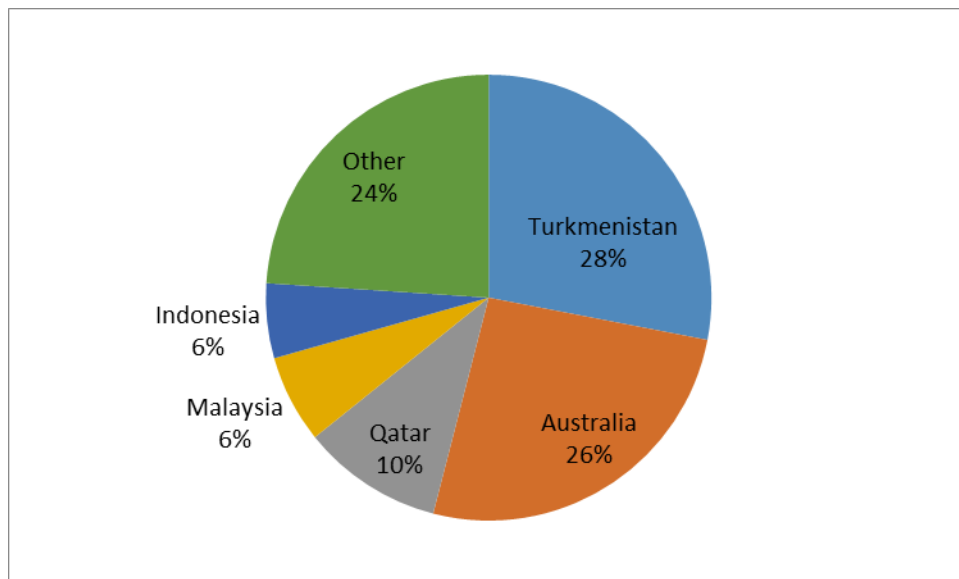


**Figure 1: China's Top Five Crude Oil Suppliers, 2016-2018**



Source: China's General Administration of Customs, reported by Dow Jones (2016, 2017) and Customs Statistics, <http://43.248.49.97/indexEn> (2018)

**Figure 2: China's Natural Gas Imports by Supplier, 2018**



Source: China's General Administration of Customs, reported by Customs Statistics, <http://43.248.49.97/indexEn>

## PANEL I QUESTION AND ANSWER

CHAIRMAN BARTHOLOMEW: Thank you very much again, Dr. Downs. Again, we appreciate your willingness, always, to come and testimony in front of us; we learn from you every time. We'll start our questions with Commissioner Kamphausen.

COMMISSIONER KAMPHAUSEN: Thank you very much. My questions are really all of the same sort, which is to ask you to build on your testimony and look forward and help us understand some implications.

For Professor Sutter, you've carefully, I think, avoided saying there is clear evidence of coordination between Beijing and Moscow on strategic issues that would allow coordinated activity to advantage one or the other, each in their spheres of influence.

If you would, speculate on what the evidence would be when that does occur. Would it be obvious to us? Would we be able to observe it, or will it really be a very incremental set of changes that would take close observation to observe?

For Dr. Weitz, I think you also carefully note that the exercises between China and Russia are not yet leading to a force that can conduct combined operations together. If my numbers are right, only about one percent of the troops that were in the field for Vostok 18 were actually Chinese. What's the inflection point? Does the sale of S-400 perhaps indicate that maybe one aspect of their cooperation might be more advanced than another, in this case air defense?

And then for Dr. Downs, you really begin to get to this point at the end of your statement, thank you very much. But you don't indicate as a driver, in contrast to both Dr. Weitz and Dr. Sutter, that creating leverage against the United States in the energy sphere is one of the drivers of strength in the Russian-Chinese energy cooperation.

If you would, play out some of your future scenarios a bit and help us understand the ways in which the U.S. potentially might be a swing supplier, and how does that affect the calculations of the two. Thank you.

DR. SUTTER: I'll start in order. The evidence of close coordinate between the two leaderships is difficult to know in a precise way because of the secrecy that surrounds the meetings. The meetings are very frequent, and so what analysts like me have to do is look at behavior.

If you see behavior that strongly suggests coordination -- and of course, you do see coordination at the lower levels. At the UN and other places you'll see this quite commonly. Then look at statements as well.

I was struck by the statement by the new defense minister of China when he went to Moscow soon after the Russians were under great pressure because of the nerve gas agent attempted assassination of the former spy in England, and he said, we're here to support you in this time of difficulty. He made no bones about it. So that kind of explicit statement from an authoritative individual is something that I would pay close attention to.

But bottom line here is just that Mr. Xi and Mr. Putin meet together all the time. I can't think of two senior leaders who spend more time together than these two, and I don't think they discuss flowers or things like that. But you're right. I think we don't have the smoking gun, but we certainly have patterns of behavior that are very compelling.

DR. WEITZ: With respect to the question about the combined operations, it's a bit of a scale. So I imagine at this point there's some things they could do as a joint operation. For example, if the succession process in Kazakhstan develops poorly, you end up with some kind of

internal conflict, something that puts at risk Russian security interests and Chinese economic interests, it's possible they could both do a joint intervention in the sense that they would divide up a geographic sector. In Russia it would be the north, China to the south, make this kind of deconfliction.

But the kind of contingency that might be a strain for them would be something like North Korea. If they were to try and establish a joint buffer, if there was some kind of conflict in Korea, and they wanted to keep the U.S. forces a certain distance, that would be difficult.

But as you said, the arms sales establish at least some common familiarity, common doctrine of Russian technicians training the Chinese how to do it. They haven't used the air defense in the exercises that extensively because they're designed against terrorists. The terrorists don't have many planes, although they do include some.

But I'm actually a little more worried about their joint missile defense exercises. So far, they've just been for show and so on, but you can imagine that they could easily develop that, particularly because if the Russians convince the Chinese about the dangers of U.S. missile defense systems, inappropriately, in my view, but that's where we are.

DR. DOWNS: So on the energy front, I'm going to focus on natural gas, and here my bottom line is that the United States and Russia are competitors for shares of China's LNG imports. China's natural gas demand is growing rapidly; natural gas imports are growing rapidly.

If you look at some of the studies out there by energy industry experts, they show that there is a lot of natural gas that China is going to need to buy that has not been contracted yet. That's basically what's at play in China.

Russia is a relative latecomer to the global LNG business, but they certainly have benefitted in terms of this competition for market share in China with the development of the Yamal LNG project that is supplying gas to China, and will supply more gas.

If Novatec, the Russian company operating Yamal LNG, gets a second Arctic LNG project called Arctic LNG 2 up and running, I suspect some of that gas would also go to China. So they are competitors.

I suspect, as I mentioned in my testimony, that there is room for Russian LNG and U.S. LNG in the China market, but sort of a lot depends on how things play out, including what role do other competitors like Qatar and Australia play, what happens with the U.S.-China trade dispute.

And related to that also is this big question of, do China and Russia build a second cross-border natural gas pipeline? This pipeline has been called the Altai pipeline, now the Power of Siberia 2 pipeline. It would run from western Siberia down to western China.

The Russians, for a variety of reasons, have long been more enthusiastic about this project than the Chinese. I personally am still a bit skeptical that this project is going to go forward, but I could envision a scenario where the trade war drags on and on; Chinese companies are reluctant to sign large, long-term LNG contracts with U.S. suppliers. Plus, they get concerned about the reliability of Turkmenistan as a supplier.

The reason I'm bringing Turkmenistan into this testimony is because there's a natural gas pipeline that runs from Central Asia to China. Most of that gas is supplied by Turkmenistan, which was China's largest natural gas supplier last year. But Turkmenistan has some problems in late 2017, early 2018 fulfilling its contractual obligations to China.

Turkmenistan has also indicated that it would like to diversify its gas exports and not be almost entirely reliant on the China market. So I could see in China that the combination of uncertainty over the U.S. trade war, concerns about the reliability of Turkmenistan if they

continue to have some problems fulfilling contractual obligations or decide to sell elsewhere, combined with just rapid gas demand growth in China, perhaps making this pipeline more interested. If I had to bet today, I'd still bet against it, but I'd say, watch this project.

CHAIRMAN BARTHOLOMEW: Commissioner Wessel?

COMMISSIONER WESSEL: Thanks to both our chairs for today's hearing, and a subject we have not dealt with. This is very helpful, thank you, and thank you to our witnesses.

What I hope is a quick question, Dr. Downs, but may be a lot more involved because I have another question as well: Help me through the gas market in China, just in terms of whether it has fuel-switching capabilities. What are the vulnerabilities on gas?

What are the differences, roughly, in delivered cost between Russian gas supplies, Turkmenistan and U.S., and how vulnerable do you think the U.S. is, as we have been on soybeans and other products, if the gas market or gas relationship with China advances? What kind of vulnerabilities do we face?

DR. DOWNS: So to answer your questions, in terms of China's vulnerabilities in the natural gas market, I think the one that I would highlight right now is infrastructure. As you probably know, the Chinese government really wants to increase the share of natural gas in the energy mix, in large part to combat air pollution, but right now they need more pipelines and more natural gas storage to do so.

On the storage points, there have been stories in Chinese press in recent years about how, if the gas that's been promised from Central Asia doesn't come through, whether it be because of the Turkmenistan issue I talked about or because supplies are siphoned off, then not everybody in China gets their gas, because they don't have the storage that they need.

I don't know the numbers off the top of my head, but I think if you look at gas storage, and if you look at miles of pipeline, comparing China and the U.S., there's a lot more in terms of pipelines and in terms of storage in the United States. The Chinese are working on addressing this issue, but it is something that I would highlight for now.

In terms of the delivered costs of different natural gas suppliers to China, my understanding is that, in getting back to the question that Roy had asked, Russian LNG is quite cost-competitive, as is Australian, as is Qatari gas.

There was a study done, I think, last year that showed that even with the Chinese putting the 10 percent tariff on U.S. LNG imports, that U.S. gas would still be competitive as well.

On the pipeline issue this is a little bit murky, especially with the China-Russia natural gas pipeline. There are different studies out there; I don't know that I personally have a clear sense of how good a deal that the Chinese got on that pipeline.

And just the last point I would make on that is that I think the pipeline gas, especially from the Power of Siberia pipeline that goes into markets in northeast China, that is feeding a different market than where some of the LNG goes.

COMMISSIONER WESSEL: Thank you. I understand I don't have a lot of time left. Help me for all witnesses, what the evolution has been in the last two years of the China-Russian relationship vis-a-vis the U.S. Have you seen any positive trends? Have you seen any negative trends? How would you judge the last two years, and what changes, if any, would you want to see? And, doctors, you have talked about congressional and other actions; specifically, what would that be?

DR. SUTTER: Well, I think we've seen an ongoing cooperative effort on the part of the two powers. They are converging more and more, to the point where people that were skeptical of a Russia-China alignment have changed their minds. Several specialists have done this.

And so that's happened, and I assume that U.S. policy has had some implications on this. One of the factors is that both sides are worried about U.S. pressure. However, in my view, the real concern, I think, is weakness. The opportunities that China and Russia have been following, the opportunistic advances, and therefore, I think if we had some strengthening, further strengthening, effective strengthening, I think this will be very useful.

I'm not sure it will stop them from cooperating together, but it will put us in a much better position to deal with it. So that's what I see. But I do think the convergence is remarkable.

I started focusing on this issue two and a half years ago, and I changed my position about this relationship. Dr. Downs has changed her position on energy. That's remarkable. I've watched her early work, and now she has a different view, and I think we're seeing that across the board.

So that's happening concurrent with the U.S. government policy towards Russia and China, which is harder towards China than it was, for sure. Is that wrong, therefore? Should you not do that? Are you going to push them together? This is the basic argument, and I would argue that before, you were in a weak position, and the weakness attracted them to expand. It's going to take a while for strength to come to effect, it seems to me. That's my view on this.

COMMISSIONER WESSEL: Thank you. Is there time for Dr. Weitz to --

DR. WEITZ: Let me comment on the Russian side. I think you saw an interesting change the first year that President Trump was elected, or at least after the election was all sorted out. So for about six months the Russians -- I try to meet with them twice a year and so on. They are unwilling to come here. They were very happy. I mean, they thought, finally they're going to be in the pivot of the triangle, right?

So instead of having China and the U.S. ganging up again, or Russia and China with the U.S., President Trump, because of some of the comments he made about wanting to reduce tensions with Russia and so on, they thought, Well, this finally puts us in a position where we can use that to gain from the U.S., but also to gain leverage with China.

Then, for about four, six months, that was fading. There was alarm when President Xi had a good meeting with President Trump, and the Russians weren't able to get a meeting between President Putin and President Trump, so that put up a bit of an alarm.

So now they're back to the stasis position of, Okay, China is our only partner, our only alternative. We've got to double on China. So there was an interesting flux in the Russian position, but that's now passed for reasons we're all aware of.

COMMISSIONER WESSEL: Thank you.

CHAIRMAN BARTHOLOMEW: All right. Thank you. Admiral McDevitt?

COMMISSIONER MCDEVITT: First, let me thank and congratulate all three of you, not only for your very concise verbal testimony, but the very useful written testimony papers. I have a question for each of you.

For Dr. Sutter, you made some excellent points, I thought, on how Russian and China rely on each other, and Russian accommodates China's interests and what have you. So my question is the opposite side of that coin: When does accommodation stop? Where do Russian interests and Chinese interests cease to coincide, and the things that are potential points of tension between the two?

For Dr. Weitz, I thought you made an interesting point about the Russian willingness to invite the PLA to participate in their annual major exercise, and essentially gave the Chinese a pat on the head to say, you're one of us now.

Is there still a residual cultural military arrogance in the Russian military in how they deal

with China? And in a related way, the question you said, I think the Friendship Treaty you mentioned is up in two years, and today it doesn't include mutual defense.

So let me ask you to speculate when the new treaty is renegotiated, do you think it will have more explicit statements regarding defense issues that would support one another? Perhaps not a formal guarantee: No kidding, we're coming to your aid. But if they would begin to essentially fill that void that exists or whether both Beijing and Moscow are not very interested in getting that entangled with one another.

And for Dr. Downs, this is going to be kind of a follow-up on the question you and I have talked about over the past few weeks or months. As China diversifies its oil petroleum imports, as you mentioned at least in part to reduce the sea land vulnerability of transporting that oil, what's the end state?

In other words, is it possible for China to totally reduce the major vulnerability of seaborne energy imports coming to China? Or in fact, are they still going to be stuck with importing oil by sea from farther around the world because there just isn't going to be enough Russian oil flowing into China?

I think you told me once they're getting about eight million barrels a day by sea. Does it go to six million, five million? Where is the peak or, I guess, the floor?

DR. SUTTER: Great question. I think this hearing today is going to delve into some of those specific issues such as arms sales. How far will the Russians go? The Arctic: how much the Chinese will be welcomed by Russia in the Arctic deliberations and so forth.

I think those are important, but the one I would focus on is that I don't see any wedge issue right now that the U.S. can use effectively. I think the U.S. has to get its act together first before it starts applying wedges, because if it starts the wedge issue, playing off China against Russia, Russia against China, I think it will be seen as a ploy by a weak party, playing a weak hand.

But longer term I think the vulnerabilities are basically two: this is Russia's dissatisfaction with its increasing junior partner's status relative to China; and the second one is China's much stronger interest in Russia in preserving the existing world order. China has got a much bigger stake.

So both of these things are big areas of possible opportunities where they're just not on the same page, therefore they can perhaps be maneuvered in one way or another. The U.S. can look at that over the longer term.

The third area where the U.S. has options to deal with China has to do with the fact that both Russia and China want to expand and have a broad sphere of influence that's secure. That will come at the expense of all those countries around Russia and China, and that makes those countries nervous. They don't want that, and that makes them more anxious to work with the United States in particular.

The upside is, that's a good opportunity. I think we can deal with it. That isn't a China-Russia difference, though. I don't think the Chinese, at this stage, are in position to really -- well, they are to some degree, but they're not doing it -- to intrude dramatically in the key areas of Russian interest, and Russia, by the same token, on their side.

So the different points of how far they'll go with arms sales, how close they'll be doing exercises, what they'll do in the Arctic, things like that, you can certainly point to specifics which you'll get this afternoon. But these are the two big areas of tension that I try to mention.

DR. WEITZ: With respect to the Russian views of the Chinese, the Russians have become much more confident in their own military capabilities in the last few years. After



Georgia there was a lot of self-searching, a lot of comprehensive reforms, and they think that those have proven very successful in at least Crimea and parts of Ukraine, and particularly in Syria.

So they see the PLA as lacking the operational experience, and therefore it's something that they have a distinct advantage over the Chinese, with the caveat being since the PLA has not engaged in major combat operations in so long, they are wondering as much as us. Are they underestimating? Are they overestimating?

But for the most part, it's a sense that they have more combat experience. There's another dimension of this: their weapons are genuinely better. So they see the PLA air force -- they've got several F-generation fighters, and the Russian military industrial leaders say, well, not really. It's a bit for show. We have the only real other alternative.

And that has the unfortunate effect of giving them an excuse to keep on selling more advanced weapons to Russia because they think they'll always stay a generation ahead.

There is one outlier which is the Russian arms control treaty, something for us to consider. They've been pressing for longer than we have about getting China involved in INF. They think we're underestimating China's nuclear capabilities in particular, and they are very uncomfortable, uncertain over what China actually has and produced. And so they would like to have more transparency in that, though they're not going to say that. They want us to do it for them.

With respect to the mutual defense, I haven't seen any concrete indication that they would actually do that. They still formally state that they're not seeking to become formal military allies.

However, the Chinese, as you know, have particularly reversed a lot of their security policies now. Aircraft carriers have de facto foreign bases. So I think it depends a lot on the Chinese. I think the Russians would like that, but I think the Chinese still want to see how the relationship with the U.S. plays out before making that kind of commitment.

DR. DOWNS: Okay. So my assessment is that China is going to remain heavily dependent on seaborne oil imports for at least the next 10 to 20 years. Last year about 84 percent of China's crude oil imports were seaborne, and I just don't see that number changing very much.

What I'm basing that on is, last year when I was working on a paper on the China-Russia energy relationship for the National Bureau of Asian Research, I wanted to say something about this question. So I said, Okay, let's assume that all the oil in the east Siberia/Pacific Ocean pipeline, which is a Russian pipeline system, goes to China.

Let's assume that the Kazakhstan/China oil pipeline is expanded, it's running at full capacity to China. If you add up those numbers and then you say, Okay, what share of China's oil imports would that constitute in 2025, 2030, 2040 -- pick your year, you would still end up with China being dependent on seaborne oil imports for north of 80 percent of its oil supplies.

CHAIRMAN BARTHOLOMEW: All right. I think I'm going to build on a couple of questions, Dr. Downs, to your response just now. It changes one of my questions. To any or all of you, Dr. Sutter, you mentioned specifically, of course, the authoritarianism and also the close personal relationship, though they're not talking about flowers or wolves or anything like that as far as we know.

At some point we will be in a post-Putin world, and at some point we will be in a post-Xi world, but it's very difficult to see that right now. I'm just wondering how grounded is the current warmth in the relationship between Russia and China in sort of that personal relationship? What happens in a post-both of them world? That's one question.



My second one is, obviously both of those leaders are very aware of, and interested in, leverage vis-à-vis each other and other countries, and I'm wondering if there's any sort of economic mutually-assured destruction.

So my question really is, how important is China to Russia's economy? And, Dr. Downs, I guess then it's a variation on how important is Russia's energy, but I would even say Russia's economy to China's economy?

The third question -- I'm going to be like Brian; I'm going to put a bunch of questions out there -- we've been talking more in the Commission about military-civil fusion, and I just wondered, is there advanced technology-sharing that we should be particularly concerned about, either in the military realm or in the civilian realm, that could be used in a military context?

A simple question, Dr. Weitz, is, are there language barriers in the military cooperation that's taking place? Is that a limiting factor?

Okay, I think that's it. I'll let anybody start. It's also a strategy; if you ask a lot of questions, you get more time.

DR. SUTTER: Great. If I could just say a couple of things. Mr. Xi and Mr. Putin are in power for a long time. This isn't going to change. What we're seeing being instituted in both of these countries is getting deeper and deeper as we go forward, and the relationship is getting better and better.

I just don't see the end of this. Where would you draw the line? Where is this going to stop? I see two leaders in their mid-60s, and Putin is maybe even younger than that, and they want to stay in power. So I think this is a longer term process, it seems to me.

And then when they do go, it seems to me that whatever they have been instituting, this close relationship, will now have more and more stakeholders in it. So you're just going to have a much closer relationship, unless some other factors cause them to not have this.

I was a leader in the NBR Project on Russia-China Relations over the last two and a half years, and in that I learned something that was quite important, it seems to me. That is, a number of scholars put a lot of emphasis on identity, common identity.

If you're a realist, you might push this aside and so forth, but the more I see of this, I say, yes, there is some sort of an identity here between these two leaders. They have things in common on their value system and on how they would go about governing and this type of thing.

I've seen that, and it's striking. Again, to get back to Mr. Kamphausen's remarks, we don't have the evidence of what Mr. Xi and Mr. Putin say to one another, but the pattern of their behavior is such that it's pretty compelling to me. So therefore they are following this path, and I think they're going to make it deeper as we go along.

I'm sure others will talk about the economy; just that the Chinese economy is very important for Russia, and the Russian economy is not that important for China, just a short answer on that one.

DR. WEITZ: Yes, building on that, and that's a source of continuous Russian displeasure, the fact that the Chinese basically buy the raw materials and then sell them finished goods. Every time there's a meeting, there's an announcement that they're going to change this. The Chinese will help industrialize Russia and so on.

That's basically one of the key drivers of what the Russians have had and one of their major disappointments. They thought when Russia was alienated from the West at various points, particularly after 2014, they could use the Chinese as an alternative. The Chinese would come in, invest, particularly help out with Project Siberia, reconstructing the Russian Far East.

And they've been disappointed. The Chinese have been as cautious as everybody about

investing in the Russian market, given the challenges there. But from the Russian point of view, there's not much of an alternative at the moment, so they're going to stick with that.

With respect to the areas where we need to be particularly concerned about, I'm worried that if the Russians aren't careful, they're going to teach the Chinese how to really make top-of-the-line planes for warplanes and so on.

Either because of lack of protection about their property or because they think they're still going to be ahead of the Chinese, that's one major advantage, I think we have, are the Chinese. They can't make high-performance engines for the top-of-the-line fighter aircraft, for example. I worry that the Russians can, and they may inadvertently tell them how to do that.

Looking ahead, I worry about particular technologies that they could cooperate such as quieting submarines or conversely, being able to use artificial intelligence or other means to be better able to gain access to our encrypted communications.

The general fear I have is that at some point we're going to see marrying-up of the Russian really good skills in basic science and their combat experience with the Chinese money and mass industrial potential. So you get those linked together, you could basically end up with a really unhelpful war machine from our point of view.

Language barrier: in the past, the Chinese would learn Russian as their main foreign language. That stopped in the 1990s with much more interest in English and other languages. But in the '90s when they started buying Russian warplanes, starting doing exercises, they made sure that there was a group within the PLA that knew Russian well.

The Russians never showed much interest in learning Chinese except for people who were specialists in the area. That is changing at the military level; they're encouraging their military, but it's only a level. It's still much more interested in learning English, coming and studying in London or Washington or somewhere. But that also may change over time.

DR. DOWNS: So China is very important to Russia as a market for energy exports, and just to illustrate that point, according to Chinese customs data, last year oil and natural gas -- it's mostly oil -- accounted for two-thirds of the dollar value of Russian exports to China.

More importantly, I think if you are Vladimir Putin or you're a Russian energy company, and you're looking at the future global energy landscape, what you see is demand not growing very quickly in your traditional customer base to the west, and demand growing quite quickly in China and other markets in Asia. So bottom line, China is very important to Russia.

When it comes to the China side of the story, Russia is certainly important to China in that it is China's largest crude oil supplier and all of that oil either comes over land or a short distance by sea. So strategically, that's been very important in terms of diversifying oil imports, and right now I just don't see another country that can play that role.

As you may know, there's also an oil pipeline that runs from Kazakhstan to China. It's a 400,000-barrel-per-day pipeline. Oil produced in Kazakhstan will need -- I think Kazakhstan only sent 46,000 barrels per day of oil through that pipeline last year, so less than one percent of China's crude oil imports, and most of the oil flowing through that pipeline actually is Russian crude.

So right now if you're China, and you want to continue to maintain the best balance that you can, even if it's a bit lopsided between pipeline and seaborne oil imports, Russia is the only game in town. But that being said, just to echo what Bob had said, that there are lots of other countries that want to sell oil and natural gas to China, so Russia's not the only one.

COMMISSIONER GOODWIN: Thank you, Madam Chair, and my appreciation to the witnesses for your testimony this morning.

Dr. Downs, how about domestic production in China? I believe the Chinese have identified some significant deep shale reserves of natural gas and have been expending considerable effort and energy to foster relationships with North American producers and drillers to enhance their technical expertise and knowhow in hydraulic fracturing, deep-shale drilling, and some of the mid-stream technology and storage that you alluded to.

What are the projections for domestic natural gas production in China? How much will it grow, and what impact, if any, will that have on the relationship with Russia?

DR. DOWNS: Thank you. So when it comes to domestic gas production in China, I feel like the outlook is fairly bright, certainly much brighter than oil. As you mentioned, China has considerable shale gas resources on paper. They've been developing those. Production is going up. Again, if you look at some of the projections made out there by industry experts, you will see that China's domestic natural gas production, including shale gas production, is expected to grow out through 2030.

That said, when I look at some of these projections, including some that I just received last week, they are not going to eradicate China's need to import more LNG or more pipeline gas, at least through 2030.

But your question does remind me that I should have pointed out in my testimony and certainly in response to the question about different energy scenarios involving China, Russia, and the United States, and how they would play out, when it comes to both Russia and the United States and other major gas exporters looking to get a share of China's natural gas imports, that they're not just competing against each other. Rather, domestic production, growth in that production, how quickly it grows, is also something to be kept in mind.

But I guess the bottom line is, when I look at the numbers that I've seen for domestic gas production out to 2030, there's nothing that indicates that we're going, right now at least, that all of a sudden in 20 years China's not going to be needing LNG or pipeline imports.

COMMISSIONER GOODWIN: What's the overall mix of energy in terms of electricity generation? At least coal, gas, oil, renewables?

DR. DOWNS: So coal is the dominant source of energy, not just in China's energy mix, but also in the power gen sector. Overall energy mix it's probably around 60 percent. That being said, there has been a big effort under way in China, including during the administration of President Xi Jinping, to green the energy mix, and we have seen an increase in renewables, also in nuclear power in recent years.

This is one of the factors that has contributed to the fact that China has a lot of thermal- or coal-powered generation sets that it can't use at home. It's producing more generator sets than it needs, and so that's why we see some of these being sold overseas.

COMMISSIONER GOODWIN: Thank you.

CHAIRMAN BARTHOLOMEW: Mr. McDevitt, you had a quick follow-up?

COMMISSIONER MCDEVITT: Yes, a follow-up for Dr. Downs. Shale production is going to take a lot of water. Now, is that going to be a problem? It seems to me that, depending on where it is, that's a big problem in China. They're already having water shortages. Have you seen anything on that, that there will be a tension between shale production and water shortages?

DR. DOWNS: Yes, I think that there could be tension over that in some parts of the country.

CHAIRMAN BARTHOLOMEW: Thanks. Commissioner Lewis?

COMMISSIONER LEWIS: Thank you very much for your three presentations. Clearly, the coming together of China and Russia is not in our interest. Yet there seems to be two

policies that the United States is pursuing, it is driving them closer together.

One is the perception of the decline of the United States in the world because we're retreating from our alliances. Do you see that as a factor in the Russian-China view of us in decline, because our alliances are coming apart? That's within our control, and that pushes them together because they see them together in our decline.

The other issue is, how would you pursue our trade with China, which is so imbalanced, in a way that would not be driving them together? If we have an interest in rectifying the imbalance in trade, what should we be doing that would not drive China and Russia together?

And finally, Dr. Sutter, you mentioned in your testimony and several times in your written paper that China has a much greater interest in preserving the international world order than Russia does. Could you talk about the bases of these and the implications of this for U.S. policy?

DR. SUTTER: Thanks for these excellent questions. The perception of decline, I think, as I tried to argue in my testimony is a very important aspect of this, it seems to me, and the alliance relationships, I'm sure, are part of it. I don't see the documents that the Chinese and Russians use as they make their calculations on this score, but the fact of the matter is that the alliance relationship to the Europeans are seen as weak in lots of ways.

From my personal view, I saw the U.S. willingness to apply power was not very strong in the previous administration. It seemed weak on the South China Sea and a number of other issues. And of course, the avowed reluctance to get involved in things, understandably so, but the fact of the matter was, they weren't taking a strong position on various issues.

So the upshot here, it makes it easy to advance, particularly if you're looking at it from the Chinese point of view. The Chinese are not prone to making these assertive actions to challenge directly, to confront. The Chinese don't confront. It's all very incremental, very iterative, very deliberative, and the result, if you look at the South China Sea, it's a wonderful example of how this can be carried out and not have any big problem.

So as a result of that kind of calculation, it's my assumption that that kind of calculation has been quite important in China's calculus in dealing with this situation and dealing with the United States.

Is that a decline? I think it is. It's a fact that you don't use your power to do it. So this is an element, and if the relations with the allies are fracturing a bit, or they're tense, they don't work very well, that's another element that would come in. But I think it's very much an across-the-board assessment of power that comes into play here.

COMMISSIONER LEWIS: The U.S. relationship with the United Kingdom, Germany, and France --

DR. SUTTER: Right, right. That's right, among others, and Japan, and South Korea, and the Philippines, and Thailand, and so forth.

COMMISSIONER LEWIS: And all of those deteriorations in our relations strengthens their view of our decline?

DR. SUTTER: I think they would see the West as not in a strong position, yes. I mean, not as strong as it could be. So I think, yes. I think no question in my view.

On how to pursue the trade issue with China, doesn't this drive them together? I tried to address this in my earlier comment. You're right; it's an obvious and logical thing to say if the U.S. puts more pressure on China and Russia, it will drive them together.

The interesting thing about doing it on trade and economic issues with China, that U.S. puts pressure on trade and economic issues with China is that Russia can't help them much.

Then the Chinese will look at this and say, what the heck can the Russians do to help us in this situation? I think the short answer is not much, because their economy is just not very important.

But that isn't the main concern I have in looking at this issue. I do think that what's more important at this time is to stop this perception that the U.S. is in decline; to build a relationship with allies and partners that will be stronger; to show resilience, and to be able to apply power.

Now, one thing that you could argue, and I think that what Mr. Trump has done on the trade issue is, he's applying power. He's not shooting anybody, but he's applying power. And this is a lesson to China. From my perspective, I see the Chinese treating him very differently than they treated Barack Obama, and I think this is fundamental to the reason: he's willing to apply power, and they don't know exactly how he's going to apply it.

So he links issues, and policy-makers don't often like linkage. Mr. Obama didn't like linkage. Mr. Trump links all the time. From the Chinese perspective, it keeps them on the defensive, sir.

COMMISSIONER LEWIS: Is the trade war causing China to be closer to Russia?

DR. SUTTER: It could, but it causes them to be more cautious in dealing with Donald Trump.

COMMISSIONER LEWIS: But they also see our fractured relations with our allies on the other side as a weakness.

DR. SUTTER: They do, but the bottom line, it's a mix, isn't it? Maybe this leader is in decline somewhat, but watch out. He might use power. So in the short term, be careful.

CHAIRMAN BARTHOLOMEW: So we're going to have to see if either of the other witnesses have anything to add to that.

COMMISSIONER LEWIS: One last question was, you mentioned in your testimony twice that China has a much greater interest in preserving the international world order that Russia does.

DR. SUTTER: Right.

COMMISSIONER LEWIS: What are the implications of that for U.S. policy?

DR. SUTTER: It could be that we could make an arrangement with China that would be disadvantageous to Russia.

COMMISSIONER LEWIS: What's the background of that assertion?

CHAIRMAN BARTHOLOMEW: I'm sorry, I'm going to have to -- we're way over time.

COMMISSIONER LEWIS: Okay.

CHAIRMAN BARTHOLOMEW: Okay. Maybe the others could answer the questions for the record. Vice Chairman Cleveland, who battled the elements to get here.

VICE CHAIRMAN CLEVELAND: Ms. Downs, I just want to start by saying that my son, Christian, just sent an email telling me how much he likes you. You apparently worked at Eurasia Group, so with that, I have just one simple question. Somebody may have asked it, and I apologize. I'm interested in what the implications are of a closer China-Russia relationship in India-Pakistan relations.

DR. WEITZ: It's clearly having an interesting dynamic in the defense area. For the longest time there was a clear partnership with China being very close to Pakistan, Russia being very close to India, and the Russians striving under Primakov and others to try to overcome that China-India division to get them all on the same page with regard to the United States, and that constantly failing.

The last few years, though, you've seen an interesting transformation. Particularly it's the



driver, I think the Russia-Pakistan relationship. So maybe 10 years ago when I would go talk to the Russians and say, you don't want to sell this to Iran. If you give Iran these weapons, there's nuclear capabilities, they could find its way to terrorism.

And they would say, well, we're not concerned about Iran. We're concerned about Pakistan. Look, they already have nuclear weapons. We're not sure they can keep them away from terrorists. We have a problem in Russia and Chechnya, and so on.

But in the last few years for various reasons the Russia-Pakistan relationship has improved a lot, and so you're starting to see arms sales, joint exercises, and so on.

That is putting interesting pressures on India. On the one hand, India wants improved relations with the West, and we've seen that in the last few decades. First, we've seen the United States, and we've seen very skillful U.S. efforts to reach out to India to pull them closer. But they still have very close defense ties with Russia, still have a lot of legacy systems.

They're annoyed now that the Russia-Pakistan relationship is getting closer. There are a lot of implications, for example, for what might happen in Afghanistan, if you see those work out a deal with the Taliban at India's expense.

But the Indians are still calculating, well, what's the solution? Do we move closer to the U.S. as a natural balancer, or should we try and reconcile with China or perhaps double down on Russia? So we still need to see how that will evolve. But it's much more fluid, a much more interesting situation than we saw a few years ago.

DR. DOWNS: I'll just provide a response from the energy angle. For those of you who have looked at China's plans for oil and natural gas import pipelines over the years, one thing that has come up is, will there be an oil pipeline that runs from the port of Gwadar in Pakistan up to China?

This is a project that I think the Pakistanis really have been pushing for more than the Chinese. This is another project that I would bet against today. I just don't see this happening for a whole bunch of reasons, including terrain and cost.

I would say that even if it did happen, it would not do anything to challenge the dominant position Russia has as the country that is doing the most to help China diversify its oil imports away from the sea lines of communication.

Yes, in theory, if you did have this oil pipeline going up from Pakistan to China, you could have oil going from the Persian Gulf up via Pakistan. That would avoid the Strait of Malacca, but it's not going to avoid the Strait of Hormuz, and it's still going to be traveling long distances by sea. So I don't see any discussion of that pipeline, which I don't see happening, and if it were to happen, changing the importance of Russia to China as an oil supplier.

DR. SUTTER: Just a small point. As the U.S. pulls back from Afghanistan, this could lead to a more fluid situation where maybe Russia and China would converge in some way, with the U.S. not playing a big role there, and that the Indians and the Paks would all be together and making some arrangement. That's a nice vision.

And yet the Indians and Paks really hate each other. So that's a tremendous obstacle to this, it seems to me. So that's the only point I would add.

CHAIRMAN BARTHOLOMEW: Thanks. Commissioner Wessel, a very quick follow-up?

COMMISSIONER WESSEL: Quick new question, and if this is a detailed question, would welcome any answers in writing.

With the asymmetric warfare approach of China involving both the space and electronic domain, have you seen enhanced cooperation between the two? Clearly, they are both, or Russia

has advanced capabilities there. Similarly, going over to the political domain, have you seen any cooperation on influence operations that Congress should be aware of? Dr. Weitz, is it a fairly quick response?

DR. WEITZ: Right, so the quick answer would be, you see a lot of cooperation on questions related to militarization of space and so on, and internet governments at the declaratory level. So both of them will issue these joint declarations in the UN or other bodies, calling for demilitarization of space. They're pretty much directed against the U.S.; same with the internet.

But in terms of actual practice, at the public level you don't see that. But I think that if you want to address these questions to people in the Defense Department or the NSA, they could give you a more comprehensive, good assessment of where that's going.

COMMISSIONER WESSEL: Okay, thank you.

CHAIRMAN BARTHOLOMEW: Commissioner Kamphausen, and then Commissioner Lewis has a quick follow-up.

COMMISSIONER KAMPHAUSEN: I think our sense of the degree of strategic collaboration, if not specific coordination, is more clear because of your statements and comments, and we've explored some scenarios which I think your thoughts have been helpful for as well.

I'm thinking of a variation of the India-Pak example, which is where the two main parties we're concerned with, China and Russia, have traditionally been partners or allied with opposing partners in that conflict.

Think of a scenario, Japan, in which their interests are not the same, but they could perceive to be on the same side. Is there a circumstance in which new levels of Sino-Russian cooperation could put pressure on Japan that would be of specific importance to the United States and our alliance relationship?

DR. SUTTER: I think Prime Minister Abe is very worried about this. I think that's part of what drives him to seek a better relationship with Russia. I assume he wants to not be confronted with a very assertive China with the full backing of Russia, and if Russia has to choose between China and Japan, well, they might choose China. That's quite plausible.

So I think this is a nightmare perhaps, but it's certainly conceivable to me. The Russians do, though, have very strong interests of their own with Japan. But if you follow this pattern, that we're looking at a moving relationship over the last several years, the Russians seem to have basically muted their concern about their particular interests in Asia for the sake of making sure their relationship with China remains very good.

So the Korean example, as I tried to talk about it, is what I'm referring to. So if they'll do it in Korea, will they do it in Japan? I think this is something that -- so I think you've raised a scenario which is very useful to focus on. I think we need to worry about this.

DR. WEITZ: Though I would say that for now it's been somewhat in our benefit in the sense that the Russians have seen the tensions that Japan faces with North Korea, South Korea and other countries, and tried to exploit that.

So in their negotiations with Japan over how to settle the islands dispute or other issues, they've taken very firm stance trying to get more concessions out of Japan. That's been beneficial in a sense that it's, I think, been self-defeating for the Russians.

I think a more skillful approach might have been to try to make a deal with Japan, because if you're the current Russian leadership, you're thinking ahead. You don't want to have so much of your Asian policy, as Professor Sutter said, so dependent on China. It would be better for Russia to be able to play a little more of a multi-vector game, have good relations with



Japan, and so on.

So a more thoughtful Russian leadership might make some concessions to Japan to try and provide for that. But they've not chosen that course, and at least in the short term that's helped prevent some of these scenarios.

DR. DOWNS: Really quickly in the energy space, in theory I think the more Russian oil and natural gas that China buys, then in theory the more oil and gas there is available for other suppliers to sell to customers in Japan. So I don't think this should be a big cause for concern.

CHAIRMAN BARTHOLOMEW: Commissioner Lewis, final question.

COMMISSIONER LEWIS: As I asked Dr. Sutter before, I'd like to ask your two opinions. As our worsening relations with United Kingdom, Germany and France, and our allies, do you see that as driving Russia and China closer together as a way of, we are in decline, and therefore they can be stronger together?

The other one was, how do we confront China on our trade relationship without driving them together?

DR. WEITZ: The one area where I see this most at play is South Korea. I think the Russians and the Chinese see an opening in Korea, given the dynamics there that they can maybe exploit differences between South Korea and the U.S. over South Korean interests in a peace agreement or pursuing other opportunities, and have therefore concentrated very heavily both their pressure, but also their effort to try and gain positive leverage to exploit those alliance tensions to basically pull Korea away from the U.S.

The other areas, I think in principle that may be true, but I'm seeing it most evident in South Korea. I think that's where we need to be very careful that we don't let our disagreements with South Korea drive them inadvertently closer to Russia and China.

The trade, as I said, I think some of the sanctions are possibilities to continue putting sanctions on Russian defense exports in a way that could make China, maybe, at least in some future point, less interested in buying Russian arms, or at least be aware that it's not going to be without costs to their other interests.

DR. DOWNS: So going back to the trade issue, I would like to probably agree with what Bob said earlier in the answer to your question with a caveat. I do agree that if you look at the bilateral trade relationship between China and Russia writ large, that if the United States puts pressure on China, that there's not that much that Russia can do to help China.

But the one caveat I would add is that in the energy space there is probably a little bit that Russia can do, because it is an exporter, not just of oil, but it is going to become a much larger exporter of natural gas to China.

So a lot of this goes back to that scenario that I was talking about earlier, that if you see a U.S.-China trade dispute dragging on for a long time, does this become a factor? It wouldn't be the sole factor, but does this become a factor that makes China more interested in another cross-border pipeline from Russia? That would be delivering a lot of gas, and that would reduce China's call on LNG imports, perhaps, from the United States.

Again, as I mentioned earlier, I'm not willing to bet on that pipeline going forward right now, but I think it's a space to watch.

Another thing I would flag here is at least rhetorically, I think, this has occurred to the Russians and the Chinese, and I go back to this China-Russia energy business forum that was held in Beijing in November 2018.

There were very interesting comments that I have quotes that I put in my written testimony from a Chinese vice premier and from a Russian oil company CEO, basically talking

about the importance of bilateral energy cooperation in the face of trade wars and unilateralism and protectionism. So I'd highlight that.

CHAIRMAN BARTHOLOMEW: Wonderful. Thank you very much. Thank you to all of our witnesses. You set a great stage for the rest of our hearing, and we really appreciate it.

We will break for 10 minutes and come back at 11:15 for our next panel. Thanks very much.

(Whereupon, the above-entitled matter went off the record at 11:04 a.m. and resumed at 11:16 a.m.)

## **PANEL II INTRODUCTION BY COMMISSIONER KAMPHAUSEN**

COMMISSIONER KAMPHAUSEN: Let's begin with our second panel. This panel will explore the limits to Sino-Russian cooperation, and we once again have a fantastic panel of experts.

First, we'll hear from Dr. Jeanne Wilson. Dr. Wilson is the Shelby Cullom Davis Professor of Russian Studies and a professor of political science at Wheaton College in Massachusetts. She's also a research associate at the Davis Center for Russian and Eurasian Studies at Harvard University.

Her research focuses on comparing Russian and Chinese foreign policy, and she is currently involved in a project comparing Russia and China's search for status in the international community. Dr. Wilson will sense differences in Beijing and Moscow's national goals and views of the international order.

Next, we will hear from Dr. Stephen Blank, Senior Fellow for Russia at the American Foreign Policy Council. Dr. Blank previously served 24 years as a professor of national security studies at the Strategic Studies Institute of the U.S. Army War College.

Prior to joining SSI, Dr. Blank taught at the University of California Riverside, the University of Texas San Antonio, and was professor of national security studies at the U.S. Air War College, a center for aerospace doctrine, research and education. Dr. Blank will cover the limits to bilateral defense cooperation.

Finally we will hear from Pranay Vaddi, who is a fellow in the nuclear policy program at the Carnegie Endowment for International Peace. Mr. Vaddi previously served in the U.S. Department of State in the Bureau of Arms Control, Verification and Compliance, Office of Strategic Stability and Deterrence Affairs, where he worked on a range of U.S.-Russian arms control and deterrence issues.

He also previously worked as a congressional advisor in the U.S. State Department's Bureau of Legislative Affairs. Mr. Vaddi will discuss China and Russia's different views on global arms control regimes with a focus on the Intermediate Range Nuclear Forces Treaty, the INF Treaty.

Thank you all very much for your testimony. I'd like to remind you to keep your remarks to seven minutes, and Dr. Wilson, we'll begin with you. Thank you.

**OPENING STATEMENT OF JEANNE WILSON, PH.D., SHELBY CULLOM DAVIS  
PROFESSOR OF RUSSIAN STUDIES, CHAIR OF POLITICAL SCIENCE  
DEPARTMENT, WHEATON COLLEGE**

DR. WILSON: Thank you very much for the opportunity to speak today. Can everybody hear me? Okay.

After listening to discussions about the strengthening of Russian-Chinese relations, I'm going to talk about the strains and tensions in Chinese-Russian relations. It's true that they are at their best level in history, but that's not to say that they're not absent significant strains and tensions, and a number of issues challenge the equilibrium of the relationship to a greater or lesser extent.

I'm going to talk about these more or less, and I'm going to in the order in which the questions were asked to me for the panel.

The first one is the weight of history and lack of cultural symbiosis. In the last panel, Dr. Sutter said that China and Russia have an increasingly shared identity, and I agree with that in the sense of a political identity, but they have very little cultural identity between them in common. There's also the legacy of the Sino-Soviet split and the conflict over the border.

Today the topic of the border represents one of the few areas in which there are more accumulated grievances on the Chinese side than on the Russian side. Most of the grievances in the relationship come from Russia, not from China.

On the Russian side, though, Russia has traditionally defined itself in regard to the West, not to the East, and here there is a considerable resistance among Russian elites to even make an economic, much less an intellectual, turn to China.

Secondly, I want to mention, as has been mentioned before, the asymmetry of the Sino-Russian relationship. This is very important in my view. It's invariably presented as an expression of interactions between equals, at least according to the two partners, and in particular it's been China that's been concerned to treat Russia with equal respect. The problem with this is, it's not true, and China is the ascendant partner, and Russia is the declining partner.

Thirdly, I want to note as others have noted too, economic disparities according to the CIA debt book figures, the Chinese GDP is approximately six times that of Russia. China is Russia's number one trading partner, but Russia is China's 10th trading partner, and sometimes you see figures that are higher than that.

Russia exports raw materials to China, and China exports finished products and increasingly high-technology products to Russia. Ninety-two percent of Russia's exports to China are raw materials. Russia is also only a very marginal destination for Chinese FDI.

Fourthly, I argue that the China Silk Road initiative, also known as OBOR or the BRI -- we'll use the BRI, Belt and Road Initiative -- is a challenge to Russia. The initial Chinese-Russian reaction to the Silk Road was to ignore it. Russia also turned down the invitation to join the Asia Infrastructure Investment Bank.

Eventually, Moscow's political leaders realized that they had little choice but to support the venture.

The greatest fear for Russia is that the BRI will further increase China's economic position in Central Asia and dislodge Russia from what it perceives to be a sphere of privileged influence.

In addition, Chinese total trade with all five Central Asian republics is greater than that of Russia. Also, China is increasing its trade with all of the former Soviet republics, including

those in the east such as Belarus, which is something of a surprise.

Fifthly, there are tensions in Siberia and the Russian Far East. During the Soviet era, the border was highly militarized and absolutely closed, but now there has been movement. Chinese have entered Russia for purposes of work in various capacities, and there's been quite a lot of xenophobic rhetoric about the fact that the Chinese are taking over Russia or taking over the Russian Far East.

Putin himself said in 2000, if we do not make efforts to develop the Far East in the future, the Russian population will be mainly speaking Japanese, Chinese and Korean in a few decades. And Medvedev made a similar comment while he was president that Russia was in the position of becoming a raw materials appendage of China.

With respect to Russia, China and the international order, this is their strong point, and I won't go into that. There's some differences that are quite nuanced. But some tensions do exist, and this came up in the last panel with respect to Russia's warm relations with India and Vietnam.

On the one hand, there's a sense that Russia is seeking to develop a relationship with India as a counterweight to China. With regard to Vietnam, it's an interesting matter. Russia is a major arms seller to Vietnam, but that's not the most important thing. The most important thing is that Russia is involved in some joint oil and gas exploration projects in the South China Sea, and China has severely criticized these ventures.

With respect to China and Russia participation in international organizations, as was noted earlier, they have largely congruent but not overlapping positions on the U.N. Security Council. China is more likely to abstain from voting than Russia.

I do want to stress, though, that China elected not to support Russia in the 2009 resolution regarding the situation in Georgia, the 2014 resolution condemning the Russian annexation of Crimea, or the 2015 resolution regarding the case of MH-17, the Malaysian airliner that was shot down in eastern Ukraine. China abstained on all three of those votes.

The most important thing, though, I think is that there's a difference of emphasis between Russia and China with respect to the Shanghai Cooperation Organization. The Chinese repeatedly attempted to get the SCO to develop an economic agenda, but that was resisted by Russia, and the other states in the organization were also wary of it. But China's disillusionment with the SCO has even been suggested as one of the reasons for Beijing's decision to push forward the BRI.

I was asked to comment on whether leveraging Sino-Russian tensions was an option, and I don't think it's an easy option at the present time. The conditions are very different from playing the China card with respect to Nixon's visit to China several decades ago, and the problem is, the main factor bringing these two states together is actually U.S. policy.

So in terms of policy recommendations, I have to confess that, unlike others in the room, I'm something of a political realist. I suggest a pragmatic and prudent diplomacy. This means identifying issues in which, what are the core U.S. interests? What are the core interests in which compromise is a possibility? What are the common interests between these three countries that would lend to an amelioration of the relationship? Thank you.

**PREPARED STATEMENT OF OPENING STATEMENT OF JEANNE WILSON, PH.D.,  
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## **Testimony before the U.S.-China Economic Security Review Commission**

### **Hearing on “An Emerging China-Russia Axis? Implications for the United States in an Era of Strategic Competition”**

**Jeanne L. Wilson**  
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#### **Introduction**

In the last several years, Sino-Russian relations have steadily become closer. They are routinely described as at “the best level in history.”<sup>1</sup> This is not to say, however, that Sino-Russian interactions are absent significant strains and tensions. A number of issues challenge the equilibrium of the relationship to a greater or lesser extent. These will be assessed in terms of their relative significance below.

#### **The Weight of History and the Lack of Cultural Symbiosis**

China and Russia have a complicated historical legacy. The Soviet Union, through the vehicle of the Comintern, orchestrated the establishment of the Communist Party of China (CCP) in 1921. The CCP victory in 1949 was followed by the 1950 Sino-Soviet Treaty of Friendship, Alliance, and Mutual Assistance. The premises of this treaty did not last through the decade as the Sino-Soviet relationship declined into a spectacle of acrimony and mutual recriminations. With the ascension of Mikhail Gorbachev to the Soviet leadership in 1985 the two states embarked upon negotiations over the disputed border, while Gorbachev’s 1989 trip to Beijing marked the normalization of relations. With the collapse of the Soviet Union, the presidency of Boris Yeltsin initially resisted establishing cordial ties with China on the grounds that it represented a renegade Communist state. This attitude did not endure for long, and by 2001, China and Russia signed another treaty, the Russian-Chinese Treaty of Good Neighborly Friendship and Cooperation (reportedly at China’s behest).<sup>2</sup> The intensification of relations in the Putin era was further strengthened by Russia’s pivot to the East in the wake of the 2014 Russian annexation of Crimea.

To a large extent, the longstanding border dispute has been laid to rest, although nationalist voices in China continue to voice complaints about the unequal border treaties that were forced upon a weakened Qing dynasty by a militarily stronger Russia. Despite the current bonhomie that characterizes the relationship, China and Russia lack any significant degree of cultural symbiosis. Here, it is Russia rather than China that



encounters a sort of identity crisis in the context of deepening ties with China. Russian political elites have traditionally looked to Europe, whether as a point of identification or as a self-defining other rather than the East. This attitude has not changed up to the present. There remains considerable resistance even to the seemingly pragmatic notion of increasing economic and trade linkages with Asia. As the Russian public intellectual Sergei Karaganov has noted: Russian elites have had a difficult time finding the “intellectual substantiation for the need to make an economic turn to the East.”<sup>3</sup> This attitude is also seen in the 2017 report on Asia published by the Valdai Discussion Club, which noted that despite Russia’s increased presence in Asia, “Russia does not intend to renounce its original European roots and will continue to strengthen them.”<sup>4</sup>

### **The Asymmetry of the Sino-Russian Relationship**

The Sino-Russian relationship is invariably presented as an expression of interactions between equals. In particular, the Chinese have been concerned to treat Russia with full respect as an equal partner. This practice, however, is not sufficient to obscure the reality that China is the ascendant partner in this relationship. Russia is a declining power, at least in the relative sense, while China is almost universally conceived as a rising power. By means of comparison, the CIA estimate of Chinese GDP (measured in purchasing power parity) is estimated at 23.21 trillion dollars while Russia’s GDP is estimated at 4.016 trillion dollars, almost a six fold difference.<sup>5</sup> The rise of China has, moreover, geopolitical implications that place multiple strains on the relations in both the political and the economic spheres (see below). For Russia, great power status, or at least the claim to great power status, is a requisite component of national identity as well as a critical source of regime legitimation. While China for decades publically shunned suggestions of great power aspirations, Xi Jinping has embraced the concept. Xi described China as a great power in his 2013 meeting with US president Barack Obama in which he proclaimed a “new type of great power relations” between the two states. During his keynote speech at the 2017 Belt and Road Forum, Xi identified China as a “great power” or a “strong power” no less than twenty six times.<sup>6</sup> The retreat of the United States in the Trump administration from global leadership has allowed China a greater opportunity to claim that status, especially inasmuch as Xi has emerged as a champion of globalization and free market precepts, a cause that he continuously champions in global fora. In other words, China is emerging as a global power with a global foreign policy agenda. In contrast, Russia, despite its actions in Syria, lacks the capabilities to play a global role. It rather aspires to be a regional hegemon in the Eurasian area.

### **Economic Disparities**

The asymmetry in Sino-Russian political relations is paralleled in economic interactions between the two states. China is Russia’s largest trading partner, but Russia only ranks as China’s tenth trading partner.<sup>7</sup> There is a corresponding imbalance in the commodity composition of good traded between the two states. Table 1 indicates the top ten Chinese imports to and exports from Russia in 2016. China largely exports finished goods to Russia while Russia overwhelming exports raw materials to China. Over half (59%) of

Russian exports to China consist of fuels, while in total raw materials comprised 92.6 percent of Russian exports. In contrast, China's largest category of exports to China consisted of machinery and electrical products (35.3%), a figure that contrasts sharply with the 1.7 percent of machinery and electrical products that China imported from Russia. Estimates of the extent of Chinese foreign direct investment (FDI) in Russia are highly imprecise and vary widely. According to statistics from the Russian Central Bank, Chinese FDI in Russia comprised 645 million dollars in 2015 and 350 million dollars in 2016. These figures pale in comparison to estimates that total Chinese FDI was over 170 billion dollars in 2016. Russian Central Bank statistics present an even lower level of Russia FDI in China: 11 million dollars for 2015 and 6 million dollars for 2016.<sup>8</sup>

Although Russian leaders like to speak of the complementarity of the Russian and Chinese economies, Table 1 indicates an uncomfortable reality. Russia is in danger of becoming a raw materials appendage of China in the manner of an underdeveloped country. The loosening of previous prohibitions on Chinese involvement in foreign investment and the purchase of high technology items predominantly in the military sector has accentuated this situation. As the data for Chinese-Russian trade implies, China is primarily interested in developing economic ties with Russia in the energy sector. The Eastern Siberia Pacific Oil (ESPO) pipeline began operations with a spur to China in 2011, followed by a second link that opened in January 2018. A gas pipeline link, the Power of Siberia, is scheduled for completion in December 2019. A memo of understanding signed in 2017 provides for a Power of Siberia 2 although negotiations are ongoing. Chinese investment has also been critical in maintaining the operations of certain key Kremlin supported projects that have been targeted for sanctions. This includes the purchase of 9.9 percent of shares in the Yamal liquefied natural gas (LNG) project and the purchase of ten percent of the share of Sibur, a petrochemical complex.

The Chinese targeting of large-scale energy projects for investment also indicates the comingling of political and economic motivations. The Chinese have been especially concerned to provide funding for individuals with close ties to President Putin. Both the Yamal LNG project and the Sibur petrochemical complex are co-owned by Gennady Timchenko, a close friend of Putin who was one of the first people to be placed on the US sanctions list.<sup>9</sup> The Chinese doling out of special deals to Putin's cronies may be in the interests of individual Russians but it is not necessarily in the interest of the Russian state. As oligarchs and members of the siloviki have come to rely on Chinese loans to finance projects, the Kremlin risks the loss of decision-making authority over the final destination of pipeline routes and energy supplies. On the one hand, the construction of pipeline routes to China represents a diversification of Russian energy supplies. But on the other hand, it bears the risk of further embedding Russia in a dependency relationship with China.

### **China's Silk Road Initiative: A Challenge to Russia**

In the fall of 2013, Xi Jinping proposed in a speech at Nazarbayev University in Kazakhstan that China and the states of Central Asia cooperate to establish trade and economic linkages through a modern version of the Silk Road to promote regional

cooperation. Eventually this initiative morphed into a megaproject that includes a maritime component and a near global scope. Various known as the Silk Road, One Belt One Road (OBOR), and the Belt and Road Initiative (BRI), the Chinese leadership has now settled on BRI for its English usage nomenclature. In its land variant the endeavor focuses on the construction of large scale infrastructure projects to be financed through China's Silk Road Fund and the Chinese sponsored Asian Infrastructure Investment Bank (AIIB). Chinese plans for this initiative met with considerable consternation and unease in Moscow, where it was interpreted as a threat to Russia's goal of maintaining a sphere of influence in Central Asia. The Kremlin initially chose to ignore BRI and also turned down the invitation to join the AIIB. Eventually, however, it seems that the Russian leadership realized it had little choice but to endorse the project and sought instead to recoup the best deal possible under the circumstances. At the 2015 meeting of Putin and Xi, the two states agreed to link BRI with the Eurasian Economic Union (EAEU), the regional economic integration project promoted by Russia. The Sino-Russian Joint Declaration on Cooperation between the EAEU and BRI signed during Xi's visit to Moscow, pledged to make efforts to coordinate the two initiatives, as well as envisioning BRI participation in ventures located in Russia.<sup>10</sup> In 2017 the Eurasian Economic Commission prepared a list of 39 priority projects to support this linkage and in May 2018 the EAEU and China signed a further agreement on trade and economic cooperation. None of these projects have to date been initiated: one signature project, the Moscow-Kazan high speed railway, has been under negotiation for several years and seems unlikely to be completed amidst questions as to its ultimate feasibility. The Russian leadership has also pressed for the adjustment of proposed BRI transit corridors to transverse through Russia rather than Central Asia with no current signs of success.

Although the Kremlin has opted to portray BRI as beneficial to Russia and the linkage of the EAEU and BRI as a relationship between equals, the fact is that BRI exposes Russian vulnerability in the post-Soviet region, and most especially in Central Asia. The fact is that Russia cannot compete with China economically in the post-Soviet space. Table 2 provides comparative data on the extent of Russian and Chinese trade with the former Soviet republics (with the exception of the Baltic states). Chinese imports from Kazakhstan, Tajikistan, Turkmenistan, and Uzbekistan exceeded Russian imports in 2016 while Chinese exports surpassed those of Russia in Kyrgyzstan, Tajikistan, and Uzbekistan. Chinese total trade volumes were greater than those of Russia in Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, which is to say all of the Central Asian Republics. It is also the case that Chinese economic activity in the entire post-Soviet region has increased significantly in the post-Soviet era. Chinese exports to Georgia are close to those of Russia, as in the case with Azerbaijani imports to China. China, moreover, has a sizable trade in both imports from and exports to Ukraine. These numbers, moreover, forecast the increasing economic penetration of China into the Eurasian region over the longer term.

There is no doubt that China envisions the BRI as a means of expanding China's economic reach in Central Asia. It was similarly no coincidence that Xi Jinping selected Kazakhstan as the locale to announce the initiative. The Kremlin is well aware of China's burgeoning economic presence in Central Asia and equally aware that there is little that it

can do about it. In response, the Russian leadership has constructed two somewhat contradictory narratives, both of which reflect the realization that Russia is unable to compete with China in the economic sphere. On the one hand, the Russian leadership posits a division of labor between Russia and China. In this context, Russia portrays itself as the dominant security provider in the region while China pursues its economic interests. These activities are depicted as complimentary rather than competitive, both contributing to the maintenance of stability in the region. On the other hand, Russia has introduced the concept of the Comprehensive Eurasian Partnership (variously known as the Eurasian Partnership, or Greater Eurasia). This is a vague and inchoate concept that envisions a loosely integrated structure of regional multilateral organizations. Although couched in the language of cooperation and mutual benefit, the Comprehensive Eurasian Partnership seeks to position Russia as a dominant presence in the Eurasian region. Marcin Kaczmarek and Witold Rodkiewicz consider that the Greater Eurasian project is intended to “conceal and legitimize the growing asymmetry in Russian-Chinese relations.”<sup>11</sup> This view is shared by many Chinese commentators who perceive it as “mainly an EAEU centered geopolitical mechanism aimed at balancing the rise of China.”<sup>12</sup> This also appears to be the tacit interpretation of the Chinese leadership. Although the the 2016 Sino-Russia Joint Statement referred to the Comprehensive Eurasian Partnership (ou ya quanmian huoban guanxi), current Sino-Russian documents refer to the more circumscribed Eurasian Economic Partnership Agreement (ou ya jingji guanxi xieding).<sup>13</sup>

### **Tensions in Siberia and the Russian Far East**

Tensions regarding the presence of China as a dominant neighbor are especially present along the Sino-Russian border in the Russian Far East. During the Soviet era residents of the region were isolated from their Asian neighbors and enjoyed a high degree of subsidization provided by the state. Since the collapse of the Soviet Union, the provision of subsidies has collapsed and the population has been deserting the region. The demographic imbalance between Russia and China, combined with the underdeveloped state of much of the Russian Far East, accentuate the fears of a potential massive immigration of Chinese into the region. At the present time approximately 6.3 million people live in the Russian Far East facing a population of about 110 million people across the border in the three provinces (Heilongjiang, Liaoning, and Jilin) in Manchuria.<sup>14</sup> Putin recognized the gravity of this situation in 2000 when he noted “if we do not make real efforts to develop the Far East in the near future, the Russian population will mainly be speaking Japanese, Chinese and Korean in a few decades.”<sup>15</sup> Prime Minister Dmitry Medvedev expressed a similar sentiment in 2012 when he warned that the Russian Far East could become a raw materials appendage to China as a result of China’s “excessive expansion.”<sup>16</sup>

Although not condoned by the Kremlin, the media as well as some members of the Russian political class continue to propagate highly exaggerated and xenophobic accounts asserting that millions of Chinese migrants are overrunning the Russian Far East. Precise figures of the Chinese presence in Russia are not available, but regional official and academic data estimate the number of Chinese migrants as between four and

five hundred thousand, more than half of whom reside in European Russia, with the largest population in Moscow.<sup>17</sup> Previously, Russia sought to restrict Chinese economic activity in the Russian Far East, notably in the extractive industries, an exclusion that did not apply to the Japanese and Koreans. These prohibitions have largely been lifted but there is still evidence of foot dragging in economic engagement with the Chinese. A 2015 Memorandum on Cooperation between Russia and China was modest in its scope but nonetheless unleashed an intense backlash from those who opposed the construction of Chinese enterprises in the region. This was especially the case with plans to lease land to Chinese operations for farming. As of 2018, moreover, an online petition had gathered 55,000 signatures in support of a ban on land purchases on the shores of Lake Baikal in Siberia, accompanied by claims that China was seeking to turn the region into a Chinese province.<sup>18</sup> Here, the Moscow media has circulated reports that the Chinese businesses in the region consider Lake Baikal a “Chinese” body of water. In this discourse, the Russia elite is routinely depicted as collaborating with Chinese businesses to the detriment of Russia’s national interest.<sup>19</sup> At the same time, it is evident that the Chinese have made significant inroads into agricultural production in the Far Eastern and Siberian regions. Statistics estimate that somewhere between 600,000 and 850,000 hectares of land are farmed by Chinese through some form of agricultural venture.<sup>20</sup> In the Jewish Autonomous Region, moreover, Chinese farmers are estimated to be tenants on up to 80 percent of the land.<sup>21</sup>

### **Russia, China and the International Order**

Russia and China continuously reiterate that they share a near consensual position on the international system. This convergence in political identity in fact serves as the foundation for their increasingly close relationship. They share a joint commitment to the Westphalian principles of sovereignty, non-interference in the internal affairs of other states, an adherence to international law, and the role of the United Nations as a forum for discussion and conflict resolution. At the same time, these two states are the biggest political outliers in the international system and as such object to the hegemony of the West, its pretense of universal values, and its activities in the realm of democracy promotion and the fomenting of color revolution type scenarios. Nonetheless, there are some differences, largely in emphasis that separate China and Russia’s assessment of the international order, although they can not accurately be portrayed as tensions. Russia is more invested in the concept of multipolarity and the role that states (and on occasion multilateral institutions such as the BRICS or the SCO) assume as regional poles in the administration of the international order. In recent years, however, China has become less enamored of this nomenclature. Although the multipolar world was once a staple of Sino-Russian discourse, the 2018 Joint Statement between China and Russia only refers in passing to the “formation of a more equitable and rational polycentric world order.”<sup>22</sup> In contrast, China’s more assertive foreign policy under the leadership of Xi Jinping has led it increasingly to present itself as a competitor to the United States in a world structure characterized by bipolarity. In the Trump era, Xi has also emerged as the leading advocate of globalization and free trade. In reflection of its superior economic states, these issues are of considerable greater concern to China than to Russia.



As regional powers, both Russia and China are concerned to act as regional hegemons. In this capacity, Russia displays a greater interest in NATO and NATO expansion than China. Russia in turn attempts to maintain a discrete distance with regard to China's preoccupation with Taiwan, and the disputed islands issue. Some tensions, however, do exist between Russia and China with respect to Russia's bilateral relationships with India and Vietnam. Both states have historically maintained a good relationship with Russia, while bilateral ties with China have been strained if not occasionally conflictual. Sino-Indian relations have generally improved in recent years but the two states remain regional competitors for influence in the Asian Pacific Region. Russia sought to avoid taking sides in the 2017 border dispute between India and China at Doklam. There exists a widespread perception that the Kremlin seeks to maintain a strong relationship with India as a means of mitigating China's growing presence in Asia. Russia, for examples, backs Indian's request for a permanent seat in the Security Council as well as the Nuclear Supplier's Group. Russia was, moreover, the main advocate for India's membership in the SCO, leading Yang Siling, writing in the Chinese government operated *Global Times* in 2017 to ask: "Does Russia support India's accession to the SCO for the sake of common development or for counterbalancing China?"<sup>23</sup> Russia's relationship with Vietnam has also aroused Chinese concerns. Russia is the largest supplier of arms to Vietnam with Vietnam reportedly placing more than one billion dollars worth of orders for military equipment and military services in 2018.<sup>24</sup> More problematically, however, Vietnam and Russia have been involved in joint oil exploration projects in the South China Sea. Vietnam's state owned oil company Petro Vietnam and Russia's Gazprom have agreed jointly to develop gas in the South China Sea. A joint project between Vietnam and Russia oil firm Rosneft is also drilling in an area considered by China to be within its "nine dash line." Both the proposed gas exploration project and the oil exploration venture have come in for sharp criticism from the Chinese Ministry of Foreign Affairs.<sup>25</sup>

### **China and Russia: Participation in International Organizations**

China and Russia both play an active role in the United Nations Security Council as permanent members but their positions, although largely congruent, do not overlap. To begin with, Russia is more likely to employ the veto while China has a longstanding position of abstaining on Security Council votes. Since 2000, Russia has vetoed 21 Security Council draft resolutions. China abstained in 12 of these cases, and cast a positive vote in one (a 2004 resolution involving the removal of peacekeeping troops from Cyprus). In 9 cases, therefore, Russia and China jointly were the sole Security Council permanent members to veto a resolution. China joined Russia in vetoing six Security Council resolutions involving the civil war in Syria that condemned the use of chemical weapons or human rights abuses. Russia and China also jointly vetoed three resolutions that condemned the political situation in Venezuela (February 2019), Zimbabwe (2008) and Myanmar (2007). Notably, however, China selected not to support Russia in the 2009 resolution regarding the situation in Georgia, the 2014 resolution condemning the Russian annexation of Crimea, or the 2015 resolution regarding the case of MH17, the Malaysian airliner that was shot down in Eastern Ukraine.<sup>26</sup>

In the last few years, China has emerged as an active presence in the United Nations drawing upon its economic capabilities and expanding linkages with developing states. China is the third largest contributor to the UN budget and committed over 2500 personnel to UN peacekeeping operations in 2018.<sup>27</sup> Russia in contrast ranks 14<sup>th</sup> in terms of its contribution to the UN budget and committed 98 personnel serving as UN peacekeepers in 2016.<sup>28</sup> China currently provides the largest number of peacekeeping forces among the permanent members of the Security Council. As the United States has continued to disengage from the international arena, China has increasingly emerged as a key actor in the United Nations. As Richard Gowan, a UN expert at the European Council of Foreign Relations commented: “China is the real playmaker here.”<sup>29</sup> China, along with its loyal supporter Russia, has begun to use its new found influence to undermine UN efforts to protect human rights. In this capacity, China has led a successful quest to cut funding for human rights monitoring on a variety of fronts, using financing as its main tool.

China and Russia have overlapping membership in several multilateral structures, among them the BRICS and the SCO. There is a notable difference of emphasis between Russia and China with respect to these organizations. Russia is concerned to make use of both of these institutions as evidence of Russia’s great power status in a multipolar world. Most particularly, Russia hopes to use these bodies as a counterweight to the West. Although the premise of the BRICS was created by an analyst at Goldman Sachs in 2001, the Russian government website credits Russia as the initiator of this organization.<sup>30</sup> Russia was also the prime mover in the expansion of the SCO to include India and Pakistan in 2017. China in comparison is considerably less invested in either the BRICS or the SCO. China’s major global effort at the moment is focused on the development of BRI. Although a partner in the BRICS Development Bank (now renamed the New Development Bank), China is more concerned with the operation of its BRI associated AIIB. For a few years, moreover, China engaged in an unsuccessful venture to develop the SCO as an economic institution. In this capacity, China put forth perennial requests to create a free trade zone among SCO states, and to establish a SCO development bank. These measures were resolutely opposed by the Kremlin (and also met with wary resistance by the Central Asian members of the SCO), which was fearful of further Chinese economic penetration of Central Asia. China also opposed Russia’s desire to expand the SCO’s membership, although not openly.<sup>31</sup> Alexander Lukin, moreover, has gone so far as to suggest that “China’s disillusion with the economic potential of the SCO was one of the reasons for Beijing’s decision to push forward the BRI.”<sup>32</sup>

### **Leveraging Sino-Russian Tensions: A US Option?**

The Sino-Russian relationship is routinely described as at an unparalleled highpoint, but this characterization does not wholly conceal their divergences. There is a lack of substantive trust between the two partners. Decades of enmity are difficult to overcome and Russia’s increasingly junior status threatens the equilibrium of the relationship. At the same time, it is difficult to envision scenarios in which the United States might leverage areas of tension between Russia and China to its advantage. Current conditions are not auspicious for a reenactment of the Nixon era in which the United States “played



the China card” against the Soviet Union in a triangular geopolitical relationship. A problem here is that it is precisely US policy that has played a critical role in uniting China and Russia in shared enmity to the West. This is a structural outcome of US decisions since the demise of the Cold War as well as the United States’ status as the remaining superpower. As neorealist Kenneth Waltz observed in a 2000 article, NATO expansion pushed “Russia toward China rather than drawing Russia toward Europe and America.”<sup>33</sup> Similarly, the rise of China has set the conditions—despite China’s unceasing rhetoric of harmony—for competition between China and the United States. Under these circumstances, moreover, it is quite possible that attempts to play Russia and China off against each other would backfire leading to a situation of heightened tensions and hostility.

### **Policy Recommendations**

At the present time, the US-Russian relationship is arguably at its lowest point since the Cold War era. US-Chinese interactions are not quite as hostile but there is an omnipresent fear of the “China threat” and the Trump administration’s initiation of a trade war with China has further led to the deterioration of the relationship. A wide range of opinions exists among analysts as to how to deal with both China and Russia. In the most recent issue of *Foreign Affairs*, for example, Michael Mandelbaum argues for a new containment policy for handling Russia, China, and Iran.<sup>34</sup> Jennifer Lind and William Wohlforth, in contrast, maintain that the United States needs to promote a conservative foreign policy that eschews the forging of new alliances and tones down liberal policies as a means of preserving the liberal international order.<sup>35</sup> My own opinion follows upon the line of Lind and Wohlforth’s assessment. In dealing with China and Russia, the United States would be well advised to jettison much of its ideological rhetoric and adopt a policy of pragmatic and prudent diplomacy. This is not to say that the United States should adopt an accommodationist policy that accedes to Russian and Chinese demands. But it is to suggest that there are areas that are amenable to diplomatic negotiation. The substantive foundation of the Sino-Russian relationship rests on a consensual critique of the West, notably the United States. Hence, the task for US policymakers is to consider which issues can potentially be mitigated while at the same time preserving US core interests.

- 1) The United States should publically announce that it will not invite states that are former republics of the Soviet Union to join NATO. As a practical matter this refers to Georgia and Ukraine. The fact that the United States did not react beyond verbal condemnation to the 2014 Russian annexation of Crimea and has been reluctant to provide military aid to Ukraine in its conflict with the separatists in Eastern Ukraine suggests that it does not perceive Ukraine as a core interest. The same reasoning applies to the US’s lack of a military response to the 2008 Georgian-Russian war. As a practical matter, given their internal problems, not to mention their complex relationship with Russia, NATO membership for these states would impose a heavy burden on NATO operations.

- 2) The United States should step back from the trade war it has initiated with China. The America First policy of the Trump administration is a violation of the liberal economic principles that the United States has embraced in the post-War era and allows China to assume the moral high ground as the leading advocate of globalization and free trade. Trade talks with China should be conducted with a full appreciation of the interdependence of the US and Chinese economics. The United States' has legitimate concerns regarding issues of intellectual property and technology transfer but US demands should be placed in the context of adherence to WTO standards.
- 3) The United States should downgrade its emphasis on democracy promotion. This does not preclude US efforts to develop civil society abroad (although both China and Russia are very suspicious of foreign funded NGOs). To be sure, democracy promotion has not been a priority of the Trump administration. However, the perception that the United States is intent on regime change in China and Russia is a major factor linking the two states together in a relationship of joint enmity. Both China and Russia view democracy promotion as nothing less than an existential threat. The intensity of this tie could potentially be mitigated by an affirmation on the part of the United States to the precepts of state sovereignty and non-interference in the internal affair of other states.
- 4) At the present time, the level of rhetorical discourse between the United States and Russia (and to a lesser extent with China) has become more inflammatory than at any point since at the height of the Cold War. Both the 2017 National Security Concept and the 2018 National Defense Strategy refer to Russia and China as "revisionist" powers.<sup>36</sup> As the National Security Strategy points out: "China and Russia want to shape a world antithetical to US values and interests." The media in all three states undoubtedly contribute to this phenomenon but it would behoove US policymakers to adopt a more diplomatic tone in communicating with Russia and China.
- 5) The United States should seek a normalization of relations with Russia and China. The US strategy of seeking to socialize China into the norms and values of the international liberal order—as outlined in a speech delivered by Deputy Secretary of State Robert Zoellick in 2005—has not been a resounding success.<sup>37</sup> Neither Russia nor China appear poised to adopt liberal international values in the foreseeable future. In the absence of this outcome, the most favorable alternative is to rely on the time honored practices of diplomacy. A first step is to identify areas of common interest: these include nuclear proliferation, arms control, terrorism and climate change. A second step is to select those areas of negotiation in which compromise is a possibility. The latter necessitates, moreover, a clear identification of US national interests.

## Endnotes

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Table One

Top Ten Chinese Exports and Imports to Russia in 2016

Top Ten China imports from Russia (Total 32.3 Billion Dollars)		Top Ten Chinese Exports to Russia (Total 37.3 Billion Dollars)	
1) Fuels	59.0%	1) Machinery and Electrical	35.3%
2) Wood	14.1%	2) Textiles and Clothing	15.3%
3) Metals	8.8%	3) Hides and Skins	7.9%
4) Animal	4.4%	4) Metals	7.3%
5) Chemicals	3.3%	5) Footwear	5.8%
6) Minerals	3.1%	6) Transportation	5.1%
7) Machinery and Electrical	1.7%	7) Chemicals	4.1%
8) Vegetable	1.3%	8) Plastic or Rubber	4.0%
9) Plastic or Rubber	1.2%	9) Raw Materials	3.0%
10) Stone and Glass	1.0%	10) Vegetables	2.4%

Source: World Bank:

<https://wits.worldbank.org/CountryProfile/en/Country/CHN/Year/2016/TradeFlow/Export/Partner/RUS/Product/all-groups>

<https://wits.worldbank.org/CountryProfile/en/Country/CHN/Year/2016/TradeFlow/Import/Partner/RUS/Product/all-groups>

Table 2

Chinese and Russian Imports, Exports and Total Trade From the Post-Soviet States 2016  
(US thousands)

	Imports		Exports		Total Trade	
	China	Russia	China	Russia	China	Russia
Armenia	280,618	378,281	111,083	957,253	391,701	1,335,534
Azerbaijan	412,081	446,282	345,883	1,508,064	757,965	1,954,346
Belarus	435,188	9,406,284	1,090,019	14,050,696	1,525,207	23,456,980
China		38,088,969		28,021,260		66,108,229
Georgia	53,564	256,686	745,243	840,003	798,807	1,096,689
Kazakhstan	4,805,078	3,612,214	8,292,320	9,426,891	13,097,398	13,039,105
Kyrgyzstan	71,234	170,543	5,605,425	1,025,746	5,676,659	1,196,289
Moldova	24,371	248,695	76,626	912,016	100,997	1,160,711
Russia	32,360,147		37,339,600		69,599,747	
Tajikistan	31,255	26,405	1,725,083	661,481	1,756,328	687,887
Turkmenistan	5,563,294	331,174	388,478	570,574	5,951,772	901,748
Ukraine	2,490,794	3,950,745	4,216,952	6,280,283	6,707,746	10,231,028
Uzbekistan	1,607,057	761,041	2,007,463	1,964,967	3,614,520	2,726,008

Sources: World Bank –at

<https://wits.worldbank.org/CountryProfile/en/Country/CHN/Year/2016/TradeFlow/Export/Partner/by-country>;  
<https://wits.worldbank.org/CountryProfile/en/Country/RUS/Year/2016/TradeFlow/Export>

\*World Bank Date for Russian and Chinese Imports and Exports are not Equivalent



## **OPENING STATEMENT OF STEPHEN BLANK, PH.D., SENIOR FELLOW FOR RUSSIA, AMERICAN FOREIGN POLICY COUNCIL**

COMMISSIONER KAMPHAUSEN: Thank you very much, Dr. Wilson. Dr. Blank, we turn to you.

DR. BLANK: Thank you. It's a great honor to appear again before the Committee. In contrast to my colleagues, I believe that we are witnessing a dynamic Russia-Chinese alliance, de facto, although not de jure. It is based on normative and strategic consensus among both governments, and it's fundamentally anti-American, both with respect to American power and interests and to American values.

In this alliance, as Dr. Wilson said, China is the rider and Russia the horse, to use Bismarck's analogy. However, the Russian and Chinese militaries are among the loudest exponents and supporters of this alliance, as we heard in the last session and as we've seen in public statements.

Indeed, in 2014, Defense Minister Shoygu and Deputy Antonov -- Mr. Antonov is now the ambassador here in Washington -- openly asked China for an alliance against terrorism and color revolutions, and they have continued along that vein ever since.

Now, 10 years ago we saw evidence in the Russian press that the Russian military regarded China as a potential threat. Indeed, it had exercises along that line, and military people were openly saying things like that. Now that is no longer the case. Nobody in Russia talks about the Chinese military threat unless he's a dissenter like Alexei Arbatov -- their views are disregarded and if anything marginalized in the press.

So as far as Russia is concerned, China is not a threat. Indeed, in 2013 and 2014 there was an inter-agency review which concluded that China would not be a threat until 2030, and that the window for Russian arms sales and cooperation was therefore open for what was a relatively brief period of time, about 15 years as a result of that interagency review.

And then, subsequently, the repercussions of the invasion of Crimea, sanctions and isolation from the West, Russo-Chinese relations have taken off and become an alliance, rather than a partnership.

I mentioned Shoygu and Antonov. We also see things like the sale of high-tech, high-performance military capabilities. The S-400, the Sukhoi-35 fighter, joint production for the first time of the Lada-class submarine, and then concerns about Chinese indigenization, or to be blunt, the piracy of Russian technologies and weapons, and if anything, greater cooperation.

Deepening institutionalization of the relationship: in my paper there's a long section describing just how deeply institutionalized, whole-of-government, as well as military consultations are between the powers. Graham Allison has also talked about the fact that they have candid nuclear and missile defense discussions. They've also had candid discussions on Korea and the ensuing military threats to both of them.

We see this also in exercises. Exercises, since 2014, have become more frequent, more sophisticated, larger in scope and global. The Chinese military has exercised in places you would never expect, like the Baltics and Mediterranean. The Vostok 2018 exercises were rehearsal for large-scale theater conventional warfare and featured attempts to establish coordination of command and control which are essential to any kind of allied warfare.

It's quite likely that that exercise and the exercise in 2017 where they shared missile and air defense, and therefore, again, command and control in ISR, intelligence surveillance, reconnaissance information, had to do with the threat of an American attack on Korea, or a North

Korean attack on South Korea. We also now see that they're sharing GPS, which has profound military implications as well.

Apart from all this, we see the increasing identity of Sino-Russian aims across all of Asia. On Korea it's very clear, and they have made statements to this effect that they share similar objectives on Korea, although to some degree they compete economically for influence. It's very clear that Russia has accepted that it is the second fiddle in Korea, to use a Russian analogy.

Mr. Putin has even said that China is the leader in the struggle for global hegemony, confounding a whole raft of American scholars who say that the Russians will not accept it, and there is a lot of resentment. But as long as Putin is in charge, this is not going to come to the fore.

There is now large-scale investment in selected equities in the Russian energy sphere by China, which was not allowed before 2014. For example, the Yamal pipeline could not have been built without Chinese capital and technology transfer, which is a point of pride to the Chinese as well.

Furthermore, Russian arms sales, as I said, have become more sophisticated and grown in value up until about 2016. There may be new orders, as Dr. Weitz said earlier. The Chinese are demanding new technologies. The technologies they want and that the Russians sell are directed against the U.S. Navy, not against Russia. They're not land warfare, they're naval and air warfare targeted against us and our allies in Asia.

So in my conclusions, I would argue that we have not yet seen the limits in the military sphere of this alliance. Notwithstanding the tensions that Dr. Wilson and many other scholars have pointed to in economics, and perhaps in places like Central Asia, we see growing identity of Russian aims with Chinese aims in South Asia with regard to Afghanistan and Pakistan, in Korea, I would even argue in the South China Sea, and the continuing failure of Russia to make any inroads with Japan clearly testify to that.

Recommendations for the U.S. government flow from this. We are facing a whole-of-government challenge by both states, not just military. We're facing an information warfare challenge, to use their terms, because we distinguish between cyber and information; they don't.

We see a challenge in economics. There's talk of ousting the U.S. currency from dealings between Russia and China, which constantly takes place. We see Chinese and Russian efforts to set up competing trade blocs. The Russian one is going nowhere, but the BRI is moving forward despite opposition and obstacles.

We see as well Chinese efforts to continue building in the South China Sea and Russian efforts that I think are emulative of that in the Arctic to close the Northern Sea Route there.

So there's a necessity for the United States to respond with a whole-of-government strategy and to strengthen its alliances, both in Asia and in Europe. Unfortunately, we're doing exactly the opposite, at least rhetorically, if not actively.

As a result, both of those governments are convinced that time is on their side, that the West is weakening, and that they are moving forward. Even if they are encountering obstacles and challenges, they nonetheless will continue to work together.

Furthermore, and my final point, they regard the Sino-Soviet rift of, say, 1956 to 1982, as a great disaster. They are determined to avoid that and overcome those kinds of divisions.

And notwithstanding the real tensions and divisions that exist in this relationship and that everybody has pointed to, they are making a conscious effort at every level of government activity to deal with them, overcome them and work together. Nevertheless, the Chinese fully expect that in the longer term, they, not Russia, will be the masters of Eurasia. Thank you.

**PREPARED STATEMENT OF STEPHEN BLANK, PH.D., SENIOR FELLOW FOR  
RUSSIA, AMERICAN FOREIGN POLICY COUNCIL**

## The Russo-Chinese Alliance: What Are Its Limits?

Stephen Blank

Senior Fellow, American Foreign Policy Council

Submitted for Testimony before the U.S. China Economic and Security Review Commission Session on March 21, 2019, “An Emerging China-Russia Axis? Implications for the United States in an Era of Strategic Competition”

## **Introduction: The Sino-Russian Alliance: Its Nature And Evidence Of Its Existence**

Every observer of Russo-Chinese relations can attest to these states' growing intimacy, especially since Russia invaded Crimea in 2014.<sup>1</sup> However, whereas most analysts and officials like Former Secretary of Defense Mattis deny the existence of a Sino-Russian alliance, I believe that this exactly what has come to be. Moreover, in this alliance, to use Bismarck's metaphor, China is the rider and Russia the horse.<sup>2</sup> And it goes without saying that this alliance is explicitly anti-American targeting U.S. policy and values that both sides see as representing a threat to the continuation of their governing system and their great power ambitions. Similarly, Russian commentators have also long believed this relationship to have evolved into an alliance some time ago.<sup>3</sup> In this connection, Yuri Ushakov, Putin's advisor on foreign policy, has said that, Strategic interaction with China is one of the top priorities of our foreign policy. The relations have reached quite a high level and to some degree serve as an example of how two major states can and should build an inter-state dialogue."<sup>4</sup>

Vasily Kashin, Senior Research Fellow at the Russian Academy of Sciences Institute of the Far East, claims that the 2001 Russo-Chinese treaty enshrined at the very least strategic military and political coordination between both governments. Specifically, he observes that,

Chapter 9 of the treaty stipulated that "in case there emerges a situation which, by [the] opinion of one of the Participants, can create threats to the peace, violate the peace, or affect the interests of the security of the Participant, and also in case when there is a threat of aggression against one of the Participants, the Participants immediately contact each other and start consultations in order to remove the emerging threat."<sup>5</sup>

Kashin further notes that, "While the treaty did not create any obligations for mutual defense, it clearly required both sides to consider some sort of joint action in the case of a threat from a third party."<sup>6</sup>

Not to be undone Chinese sources speak in analogous terms. In 2017 China's White Paper on Asia-Pacific Security Cooperation declared that "Russia was a priority in its diplomacy."<sup>7</sup> By the end of 2017 China's ambassador to Russia, Li Hui, stated that,

The comprehensive strategic partnership of coordination between China and Russia occupies a special position in the major-country diplomacy with Chinese characteristics and is an important manifestation of practicing Xi Jinping Thought on Socialism With Chinese Characteristics for a new era.<sup>8</sup>

Thus when China and Russia introduced their double freeze proposal for Korea (freezing nuclear missile tests and U.S.-ROK exercises) in 2017 China and Russia announced that they would strengthen their coordination on Korea despite the lackluster foreign response to this proposal. This joint statement with Russia was the first such statement offered under the name of both foreign ministries in ten years.<sup>9</sup>

Scholars and experts, including this author, have long recognized that a Sino-Russian alliance constitutes a profound threat to both U.S. interests and values and to our allies.<sup>10</sup> Therefore to delineate the limits of this alliance it is first necessary to persuade observers that the alliance really exists. Despite the majority view that no alliance or no formal alliance between Russia and China exists notwithstanding their visibly growing intimacy; this author and some other writers dispute that finding.<sup>11</sup> Russian officials also freely employ the term, the most recent example

being Deputy Foreign Minister Igor Morgulov's remark that an "energy alliance" exists between Russia and China.<sup>12</sup> In 2014 Foreign Minister Sergei Lavrov stated that,

I can't fail to mention Russia's comprehensive partnership with China. Important bilateral decisions have been taken, paving the way to an energy alliance between Russia and China. But there's more to it. We can now even talk about the emerging technology alliance between the two countries.<sup>13</sup>

Lavrov immediately followed by observing that "Russia's tandem with Beijing is a crucial factor for ensuring international stability and at least some balance in international affairs."<sup>14</sup> Today, prominent Western observers like Graham Allison similarly assert that,

What has emerged is what a former senior Russian national security official described to me as a "functional military alliance." Russian and Chinese General Staffs now have candid, detailed discussions about the threat U.S. nuclear modernization and missile defenses pose to each of their strategic deterrents.<sup>15</sup> It therefore stands to reason that these militaries also conduct equally probing discussions concerning conventional warfare and Korean issues.<sup>16</sup> Indeed, as shown below, an extensive infrastructure of bilateral consultation and exchange has developed over the last generation.<sup>17</sup>

Meanwhile, in keeping with both sides' high esteem for deception strategies Moscow continually invents euphemisms to disguise this alliance's consolidation. First it was called a comprehensive strategic partnership.<sup>18</sup> More recently in November 2018 President Putin called it a 'privileged strategic partnership.'<sup>19</sup> Both these formulations sound like attempts to deceive foreign observers as to the alliance's real nature especially as in October 2014 Putin told Chinese Premier Li Keqiang that Russia and China were "natural partners and natural allies."<sup>20</sup>

Thus in 2016 Putin described comprehensive strategic partnership as follows,

As we had never reached this level of relations before, our experts have had trouble defining today's general state of our common affairs. It turns out that to say we have strategic cooperation is not enough anymore. This is why we have started talking about a comprehensive partnership and strategic collaboration. "Comprehensive" means that we work virtually on all major avenues; "strategic" means that we attach enormous inter-governmental importance to this work.<sup>21</sup>

Similarly Foreign Minister Lavrov has stated that,

As regards international issues, we feel – and our Chinese friends share this view – that our cooperation and coordination in the international arena are one of the most important stabilizing factors in the world system. We regularly coordinate our approaches to various conflicts, whether it is in the Middle East, North Africa, or the Korean peninsula. We have regular and frank and confidential consultations.<sup>22</sup>

China's Defense Minister, General Wei Fenghe likewise told the 2018 Moscow International Security Conference that,

I am visiting Russia as a new defense minister of China to show the world a high level of development of our bilateral relations and firm determination of our Armed Forces to strengthen strategic cooperation, --- Second, to support the Russian side in organizing the Moscow International Security Conference the Chinese side has come to show

Americans the close ties between the Armed Forces of China and Russia, especially in this situation. We've come to support you, --- The Chinese side is ready to express with the Russian side our common concerns and common position on important international problems at international venues as well." <sup>23</sup>

Therefore it is hard to know how a privileged partnership expands upon a comprehensive one. Moreover, this alliance is not merely a political relationship but one involving economics and active military collaboration. In addition, leading officials in both countries expect this relationship to deepen, including in its military dimensions, during 2019.<sup>24</sup> Indeed, President Xi Jinping told Russian Defense Minister Sergei Shoigu that not only can both militaries deal with "common security threats" but also they should increase cooperation and unswervingly deepen their strategic coordination.<sup>25</sup> Thus the evidence for the existence of an alliance, albeit informal, is strong and arguably growing stronger.<sup>26</sup>

A recent joint Russo-Chinese expert dialogue argued that the parties have attained a level of interaction exceeding a strategic partnership and surpassing an alliance. Both sides retain full freedom in relations with third countries "except in circumstances where such relations might violate certain obligations of the existing partnership". Meanwhile in the bilateral relationship's intensiveness, level of trust, depth, and effectiveness Sino-Russian ties supposedly are superior to an alliance.<sup>27</sup> Furthermore this partnership allegedly has more potential to act "as an independent geopolitical power and deter political adversaries." Finally, both parties have successfully adapted their cooperation "to resolve any global or regional task" while preserving their swift decision-making, tactical flexibility, and strategic stability.<sup>28</sup> Thus this relationship, whatever its true nature, is intended to preserve both sides' flexibility of maneuver. And accordingly manifestations of that flexibility do not, as many have suggested, negate the reality of an alliance.

Indeed, Russia's option of moving closer to China preceded the invasion of Crimea and the ensuing deterioration of East-West relations that have precipitated sanctions and Russia's increasing isolation from Europe, not to mention highly charged U.S.-Russian relations. As Aleksandr' Gabuev of the Carnegie Endowment in Moscow has written, Putin's post-2012 presidency already heralded pro-Chinese policies as Russia sought to "catch the wind of China's growth in its sails."<sup>29</sup> Putin, since 2012, accelerated the alliance trend, making it a lodestar in his agenda. Putin, if not his colleagues, deny a potential China threat and deride that theory. They and China constantly reiterate that Russo-Chinese relations are immune to changes in world affairs and have never been better.<sup>30</sup> This post-2012 policy replaced or supplanted the previous partnership where Russia maintained a certain independence from many Chinese policies in Asia and may have been hedging its bets to some degree regarding China, and making moves that sought to display a certain independence from Beijing.<sup>31</sup> But after 2012 this changed. Indeed,

Before rushing into China's arms in 2014 in the wake of the war in Ukraine, the Kremlin for the first time in history conducted an inter-agency study of potential risks of partnership with Beijing. The results have dispelled many of Moscow's worries. As it turns out, Moscow needn't be afraid of creeping Chinese colonization of Siberia. The Chinese population there doesn't exceed 300,000, and it has been decreasing following the sharp ruble devaluation.<sup>32</sup>

Likewise this inter-agency review led to the conclusion that the Chinese military would not be a threat to Russia through at least 2030. Neither is there an immigration time bomb of Chinese migrants flooding into the Russian Far East a likely threat. The invitation to China to participate in the recent Vostok-2018 exercises that culminated the annual schedule of official Russian drills, confirms those perceptions.<sup>33</sup> Moreover, a narrow window of opportunity existed as the PLA



acquired more capability to sell its weapons and form lasting relationships with it before it became self-sufficient. Thus policy has proceeded accordingly and major arms deals have been concluded e.g. the sale of S-400 air defenses and Su-35 Fighters.<sup>34</sup>

Since then Russia, and especially its Ministry of Defense, has frequently solicited China for a formal de facto alliance. And China's practical response conforms to alliance dynamics even if it formally eschews alliances. In October 2014 Putin said both states were natural allies.<sup>35</sup> In November 2014 Defense Minister Sergei Shoigu contended that Russia and China confront not only U.S. threats in the Asia-Pacific but also U.S.-orchestrated "color revolutions" and Islamic terrorism. Therefore, "The issue of stepping up this cooperation [between Russia and China] has never been as relevant as it is today."<sup>36</sup> Specifically, he advocated enhanced but unspecified bilateral Sino-Russian security cooperation and within the Shanghai Cooperation Organization.<sup>37</sup> Shoigu included not only Central Asia but also East Asia, as did Deputy Minister Anatoly Antonov. Both men decried U.S. policies that allegedly fomented color revolutions and support for Islamic terrorism in Southeast and Central Asia. Shoigu further stated that,

In the context of an unstable international situation the strengthening of good-neighborly relations between our countries acquires particular significance. This is not only a significant factor in the states' security but also a contribution to ensuring peace throughout the Eurasian continent and beyond.<sup>38</sup>

This overture fundamentally reversed past Russian policy to exclude the PLA from Central Asia and retain the option of military intervention exclusively for itself. And as seen below, China has not hesitated in practice to begin deploying military forces and bases there.<sup>39</sup> This overture also displays Russia's growing dependence on China in Central Asia and elsewhere under mounting Western and economic pressure. Shoigu even went further than Central Asia in his quest for an alliance. In these same meetings he stated that, "During talks with Comrade Chang Wanquan, we discussed the state and prospects of the Russian-Chinese relations in the military field, exchanged opinions on the military-political situation in general and the APR in particular." --- "We also expressed concern over US attempts to strengthen its military and political clout in the APR," he said. "We believe that the main goal of pooling our effort is to shape a collective regional security system." If this is not an offer for an alliance then we need to redefine the term.

Neither was it the only example of solicitation of an alliance with China. Putin subsequently noted that:

As we had never reached this level of relations before, our experts have had trouble defining today's general state of our common affairs. It turns out that to say we have strategic cooperation is not enough anymore. This is why we have started talking about a comprehensive partnership and strategic collaboration. "Comprehensive" means that we work virtually on all major avenues; "strategic" means that we attach enormous inter-governmental importance to this work.<sup>40</sup>

These statements are too close for advocacy of an alliance to be coincidental. But the alliance Moscow seeks need not be formally codified like NATO or pre-World War I alliances. Rather this alliance, as described above by the team of bilateral experts, can remain a de facto flexible alignment with room for separate, parallel, or convergent, initiatives or even occasional disagreements in keeping with Russian views on the contemporary world order.<sup>41</sup> This conforms to Kashin, Allison, Putin, and Lavrov's observations on the bilateral relationship's tendencies.<sup>42</sup> Michael Yahuda also observes that Russian elites very much favor enhanced collaboration.

Moscow believes that bolstering China's military position in East Asia is very much in Russian interests. As the official in charge of Russian arms exports stated in April 2015, "if we work in China's interests, that means we also work in our interests." In other words, the U.S.-led economic sanctions on Russia have made Sino-Russian strategic interests more congruent.<sup>43</sup>

More recently Shoigu remarked that,

Russia's strategic partner is the People's Republic of China. Bilateral military cooperation is developing actively. Primarily it is focused on the fight against international terrorism. Joint actions are regularly practiced during the military exercises Naval Interaction and Peaceful Mission. The Russian Federation continues to prepare specialists for the People's Liberation Army of China. In total more than 3,600 Chinese servicemen have been trained in the universities of the Ministry of Defense of the Russian Federation.<sup>44</sup>

This solution meets China's refusal to join formal alliances and Chinese leaders' repeated calls upon Moscow to forge ever closer ties and cooperation regarding Asian and international security, support China's vital national interests, and even build a new world order based on "global strategic stability."<sup>45</sup> It also allows Putin (and Xi Jinping) to pretend that there is not an alliance and that Russia is expanding its ties in Asia. Yet "Russia and China stick to points of view which are very close to each other or are almost the same in the international arena," Putin said, in 2016.<sup>46</sup>

Although sometimes Russia and China both sides may find bilateral and/or regional cooperation difficult; the key point is their steadfast and long-standing resolution to find common ground, not their differences. And the institutional means for resolving differences are well established. In 2008 Marcin Kaczmarek observed that,

The scale of cooperation between Russia and China is reflected in the extensive infrastructure of dialogue between the two states. Regular contacts are maintained at nearly all levels of central Authority. Political dialogue takes place within an extensive framework for bilateral consultations, including meetings of Heads of State held several times a year (at least once a year on a bilateral basis, and also during several multilateral meetings); meetings of prime ministers and foreign ministers; consultations on strategic stability (at the level of deputy foreign ministers); consultations on military cooperation (at the level of defense ministers); and consultations on security issues (between national security advisors since 2005).<sup>47</sup>

These institutional ties have grown subsequently with regular ministerial exchanges and summits so that since 2013 Putin and Xi Jinping have met 22 times. And, as Lavrov stated,

As regards international issues, we feel – and our Chinese friends share this view – that our cooperation and coordination in the international arena are one of the most important stabilizing factors in the world system. We regularly coordinate our approaches to various conflicts, whether it is in the Middle East, North Africa, or the Korean peninsula. We have regular and frank and confidential consultations.<sup>48</sup>

But beyond these examples of inter-governmental coordination statements like Shoigu's on the Chinese students studying in Russian military establishments attest to the long-standing character of institutionalized bilateral defense cooperation and coordination. In fact, more Chinese are going to Russia for defense training, in his case, 100 PLA personnel are going to Russia for

training on the S-400 air defense system. So it seems quite clear that this aspect of the relationship whereby Chinese military personnel learn Russian technology, tactics, etc. causes no problems for Russia and is continuing without letup.<sup>49</sup>

Nonetheless many analysts invoke Putin and Xi Jinping's statements against alliances.<sup>50</sup> Many also flatly deny any ideological congruence between China and Russia despite the solid evidence of congruent modes of self-presentation and of portraying contemporary international relations.<sup>51</sup> Nevertheless, analysts like Artem Lukin, Rens Lee, Gilbert Rozman, Mark Katz, and this author believe the evidence clearly shows an evolving alliance along with bilateral ideological and strategic congruence.<sup>52</sup> Moreover, the actual evidence shows all the signs of an alliance. Indeed, Trenin admits China gets most if not all that it wants from China without a formal alliance.<sup>53</sup> At the same time the two sides have arguably reached a division of labor between them. Thus according to Guo Xuetang, Director of the state-run Institute Of International Strategy and Policy analysis in Shanghai, "We share a strategic understanding on how to prevent U.S. influence on this continent," China doesn't want a two-front war, and neither does Russia. So China defends the East, and Russia, defends the West."<sup>54</sup>

Meanwhile the scant published evidence of Sino-Russian military dialogue, apart from publicized ministerial conferences suggests that high-level conferences have been relatively shallow on military strategies, their substances, and the thinking behind them. "Considerably more food for thought is passed through semi-official or informal debates, conferences, lectures, and other similar channels, as well as through other publications."<sup>55</sup> Available sources suggest that Chinese experts prefer to interact with retired or non-governmental experts who are closely tied to the Russian government or Ministry of Defense in the belief that they would speak more freely than serving officers or officials. Moreover, Chinese officials are evidently mainly interested in exploring the rationales behind official Russian strategies. Rather than applying those strategies they are looking at the underlying "algorithms" of addressing challenges thus dialogue is about the transfer of strategic culture rather than of ready-made strategies."<sup>56</sup> Nevertheless scholars have shown that a very substantial and long-running program of institutional coordination has been set up and is functioning as intended, as described below.<sup>57</sup> And this network of institutional defense coordination is a classic sign of alliance dynamics and behavior.<sup>58</sup>

The hallmarks of this alliance dynamic are the reversals of Russian policies to China's benefit, support for China on Asian regional issues, and Russia's asymmetrical dependence upon Chinese economic, political, and military support. Despite difficulties in economic issues and particularly in Central Asia the evidence for all three hallmarks even in these domains is quite strong. Thus, to use Bismarck's metaphor, China is the rider and Russia the horse in this alliance. Indeed, by 2009 economic weakness forced Moscow had to reverse past policy and admit China into its plans for developing Russia's Far East.<sup>59</sup> And by 2012 analysts noticed China's ability to impose its agenda on Russia and gain disproportionate benefits from Russia while avoiding any lasting commitment to Russia's calls for an alliance.<sup>60</sup> This is even truer today.<sup>61</sup>

This de facto if not formal Sino-Russian alliance derives from geopolitically and ideologically congruent perspectives aiming squarely at America's values, interests, and the world order it largely created. It is not a binding wartime alliance like NATO or pre- World War I alliances but today's concept of alliances is much more elastic and therefore suitable to both sides. Admittedly these are contentious claims for many, possibly most, analysts deny that an alliance is occurring or is sustainable.<sup>62</sup> Vasily Kashin recently wrote that both sides may avoid the term alliance but the relationship already far exceeds "neighborliness" or even "strategic partnership" even though China's lasting gains in Asia are arguably at Moscow's, not Washington's, expense, most

obviously in Central Asia.<sup>63</sup> Therefore we must understand what is meant by such an alliance. As Lavrov stated in 2014,

If we talk about alliances, not in the old sense of the word, not in the sense of tough bloc discipline when NATO was against the Warsaw Pact and everyone knew that this part of the negotiating table would raise their hands and this part would vote against it. Today such baculine discipline looks humiliating to states that preach democracy, pluralism of thought, and so on. --- Other types of alliances – flexible network alliances – are much more in demand today.<sup>64</sup>

Signs of a functioning military alliance as suggested by Allison above also abound. This is not only a question of arms sales that are discussed below but also of exercises and extensive inter-military and inter-governmental coordination. For example, a 2017 report by Russian and Chinese experts openly stated that, although Moscow's strategic nuclear forces are outside the range of the U.S. THAAD (Terminal High-Altitude Air Defense) missiles placed in South Korea at Seoul's request, both governments viewed this deployment as signifying a "changing strategic balance of power in this region," as a clear threat to China, and implicitly to Russia not just North Korea.<sup>65</sup> There are also reports of growing bilateral cooperation on nuclear weapon strategies, since Deputy Foreign Minister Sergei Rybakov stated that the two sides would focus on coordination on issues of nuclear strategy as they have done previously with reference to strategic stability.<sup>66</sup> In addition there are reports that the two states are working together on "an alternate internet" i.e. a system of root servers operating independently of those controlled by the U.S.<sup>67</sup>

Similarly, there are reasons to believe that in its original planning the Vostok-2018 exercise in Russia that also involved Chinese forces reflected apprehension about a U.S. strike on North Korea that could easily oblige them to respond.<sup>68</sup> Likewise, there is good reason to believe that the Sino-Russian military exercises of 2017-18 were conceived of and implemented with the idea of joint action to thwart a U.S.-led invasion of North Korea in mind.<sup>69</sup> Substantial evidence from Sino-Russian naval exercises in the Sea of Japan in 2017 tends to confirm the intention to prevent U.S. Navy forces concentrated near Korea from attaining total dominance in the theater.<sup>70</sup> These exercises also included joint air and missile defense exercises to make a similar impression on U.S. air forces. These exercises also displayed growing defense intimacy, in view of the nature of the information that had to be shared in such exercises. Therefore they suggest an alliance because in such exercises both sides must put their cards on the table and display their C4ISR.<sup>71</sup> As Kashin notes, this exercise took the form of a computer simulation where both sides constructed a joint air/missile defense area using long-range SAM systems like the Chinese HQ-9 and the Russian S-300/400 series.<sup>72</sup>

These exercises, along with the Vostok-2018 exercises where Chinese troops took part alongside Russian forces as part of Moscow's annual schedule of exercises also point to coordination, not just against alleged terrorist attacks as earlier exercises involving Central Asia or naval forces in the Baltic, and Mediterranean have claimed. Vostok-2018 was clearly a rehearsal for large-scale theater, if not global war and Chinese participation suggests continuing bilateral concern about potential Far Eastern contingencies like Korea.<sup>73</sup> Indeed, there is also evidence of bilateral coordination vis-à-vis Japan. In 2017 Russian planes periodically supported Chinese overflights over the Senkaku Islands and this came after their 2014 joint naval exercise targeting Japan. These moves certainly complicate the already difficult Russo-Japanese relationship as well as China's confrontational stance towards Japan.<sup>74</sup> Equally importantly, these exercises build on a wide-ranging decades-long program not only of inter-military discussions about strategy, theory of war, and operations, but also an even more extensive regular program of bilateral ministerial

and high-level coordination as Kaczmarek noted above and which is more systematically discussed below.<sup>75</sup>

To be sure, the arguments against this relationship being an alliance invariably contend that neither government wants to be bound by permanent alliances that tie them down, that they have diverging outlooks on major issues of international affairs, and that ultimately Russia will bridle at Chinese encroachments on Russia's great power pretensions even though nobody believes that this has happened up till now. Even writers who compose scathing analyses about this alliance or partnership admit that China has the upper hand and Russia is falling further into dependence on China but concede that Russian state policy tenaciously strives to use this relationship to prove it is a great power and thus Russia's aggressive global policies are, at least in part, an effort to prove to China that it is (to use the German word) "Bundnisfähig" (worthy of being an ally).<sup>76</sup> Moreover, the expert consensus cited above shows that both sides have been and remain very careful to avoid just that predicament as they continue to move forward together.<sup>77</sup> In addition, we know that every alliance has its points of friction and that in past history every alliance has come to an end due to changes in world politics and power relationships. Therefore a series of major questions having great power relevance can be posed here.

### **What Are the Signs Of An Alliance? The Limits to Bilateral Defense Cooperation**

Specifically we need to ask and policymakers need to know 1) What are the limits of China-Russia defense cooperation? Are the two sides unwilling to cooperate in certain sensitive areas such as contingency planning or transfers of advanced military capabilities and technologies? 2) To what extent does Moscow fear the People's Liberation Army becoming a future adversary and how, if at all, has this affected its defense cooperation with Beijing? 3) How do Russian concerns over China's reverse engineering of Russian weapons systems affect their defense cooperation? To what extent have Russian sensitivities regarding sharing advanced technologies with China changed over time? 4) How might the United States leverage areas of tension between China and Russia to protect U.S. interests? Finally, in keeping with this Commission's mandate we need to recommend actions that Congress can take relating to the threat posed by this alliance to the U.S., its allies, and its interests.

At present we cannot know what those limits are for in fact that relationship has not been tested militarily. Moreover if there is friction nobody is discussing it. Indeed, on the Russian side there has been a virtual blackout of anything but the most anodyne commentary concerning Chinese military power. For example a recent article criticizing China's economic policies was removed from publication immediately after appearing precisely because it criticized China. It turns out that the Chinese embassy apparently felt it had license to threaten the reporter with blacklisting. As the Russian newspaper *Nezavisimaya Gazeta*, that broke the story wrote, "Among Chinese officials, there are those who consider it permissible to push the Russians, threaten us, and openly demonstrate disrespect for Russian laws."<sup>78</sup> Clearly there can be no public discussion of Chinese defense policy under these circumstances. Moreover, this episode shows Russia's growing dependency and thus even signs of subservience to China. Moreover, President Putin has made it quite public that he dismisses the China threat. Instead in 2012 he memorably said that Russia "should catch the wind from China's sails."<sup>79</sup> More recently he told the press after the 2017 APEC summit that,

Concerning foreign policy, our position, as diplomats are known to say, are very close or coincide on many issues, and they certainly do on the key ones. One such key issue today is the North Korean problem. Our views completely overlap here.<sup>80</sup>



As a result no public official will publicly even hint that China could be a threat and that therefore Russia should limit cooperation with it, military or otherwise. For example, Lavrov has ruled out that China's missile deployments represent any kind of threat to Russia, saying in 2017,

Every country has a right to deploy armaments on its territory. China does not deploy armaments against the Russian Federation; we do not have such information. We have very strong ties with the People's Republic of China, including in the military field.<sup>81</sup>

More recently, Russia's ambassador to China dismissed talk that China is ousting or forcing Russia out of Central Asia as "groundless". Instead he stated that both states have their niches in Central Asia and common interests in Eurasia and professed to be unaware of any case where China might "encroach on those areas in which Russia has established mutually beneficial cooperation with the countries of the region."<sup>82</sup> And the remarks presented above, by Shoigu, Lavrov, Putin etc. all indicate a firm commitment to intimacy if not alliance with China. Finally the 2013-14 inter-agency study cited by Gabuev concluded that China is not and will not be a military threat to Russia for at least a decade and the policy decision to sell high-performance conventional weapons, solicit an alliance, upgrade coordination, and invite China to Vostok-2018 all confirm that for now the Russian government refuses to see the POLA as a threat.<sup>83</sup>

Although sometimes Russia and China may find bilateral and/or regional cooperation difficult; the key point is their steadfast and long-standing resolution to find common ground, not their differences. And the institutional means for resolving differences are well established as noted above.<sup>84</sup>

Arguably, and in the light of current trends, Moscow's growing collaboration and dependence upon showing Chinese military force in the Baltic and Mediterranean, increasing cooperation on large-scale investment projects, including the reconstruction of Syria, and enormous investment projects in Eurasia that Russian power in Europe and Eurasia and its ability to concentrate its power resources there depend crucially on Chinese support. At the same time the confidence that China does not and will not pose a military threat frees Russia to behave aggressively globally, i.e. in Europe, the Middle East, Latin America, and even Africa.<sup>85</sup> Therefore it is likely that one source of Russian aggressiveness in world politics is the deeply felt need to prove its bona fides as a great power, not only to itself but also to China in order to keep receiving Chinese support. More crudely stated, Russia's ability to pose as a great power is to some degree dependent on Chinese sufferance of such behavior.

Thus, as Ivan Krastev has written,

In my recent discussions with Russian foreign policy experts, they have made clear that if Moscow wants to be a world power, on an equal footing with Washington, it should be able and willing to match the United States. Russian leaders believe that Washington interferes in their domestic politics and that the United States intends to orchestrate a regime change in Moscow. So if they take that as given, the Kremlin should be able to similarly meddle and to show the world that it has the capabilities and will to do so. Reciprocal action is, after all, how you gain the respect of your enemies and the loyalty of your allies. The common sense in Moscow foreign policy circles today is that Russia can regain its great power Moreover, only by confronting the United States, not by cooperating with it.<sup>86</sup>

And beyond these factors the geopolitical presence of China also drives Russia to confront the U.S to secure recognition as a great power.<sup>87</sup> As Krastev also observes,

And contrary to conventional wisdom, Russia's craving for global power status is not simply about nostalgia or psychological trauma. It is a geopolitical imperative. Only by proving its capacity to be a 21st century great power can Russia hope to be a real, equal partner with countries like China, which it needs to take it seriously. Believe it or not, from the Russian perspective, interfering in the American presidential election was a performance organized mostly for the benefit of non-American publics.<sup>88</sup>

Moreover, "If Russia does not gain recognition internationally, this would have repercussions in terms of identity problems and raise questions about the ability of the state to guarantee order and society."<sup>89</sup> Therefore we should expect more probes, including nuclear ones or conventional threats backed up by nuclear saber rattling.

Dmitri Simes confirms this noting that, for Russia, "The very sense in Moscow that they may have a Chinese option provides them with a kind of encouragement to be tougher, bolder, and more optimistic about their ability to survive without a meaningful cooperation with the United States."<sup>90</sup> Thus Russia does not fear China. Instead it relies on Chinese support to adopt a belligerent posture vis-à-vis the West and the U.S.

Furthermore, Russia's anti-American probes will redound to China's benefit since they epitomize a profound application of the Chinese strategic tradition of fighting with "borrowed swords" or having barbarians fight barbarians for China's benefit.<sup>91</sup> Therefore whether we call this an alliance or something else, the name is irrelevant for policy purposes but the reality is one of a working alliance. But it is and will likely become ever more of an alliance based on Russia's status as a junior partner and this has come to be seen abroad ultimately as a sign of weakness and of the hollowness behind Russia's great power claims. But at home China functions to cover up that weakness. Therefore it is something of a narcotic for the Russian leadership and China treats Russia much as a pusher treats an addict, giving it enough support to stay dependent on China but not so much as to act truly independently across the board.

Lastly we need to grasp that on the Russian side strong institutional support for this alliance persists in the government and among the "Silovye Struktury," (structures of force). Beyond that, although this cannot be proven, it is likely, given the high degree of corruption on both sides, that substantial hidden "side payments" or more accurately kickbacks and bribes are flowing to Russia in order to keep its elite linked to China. If one adds strategic congruence to ideological-normative congruence of perception and material interest, especially as Western avenues of enrichment are being closed, Russian and Chinese elites have strong reasons for perpetuating this relationship despite the existence of visible tensions. And as noted above they have carefully established mechanisms to prevent those frictions from getting out of hand, undermining the bilateral relationship and bringing them both back to a status equivalent that of the 1970s, which they both believe was a tragic mistake that hurt them both.

Finally many analysts claim that Russia cannot accept China's growing hegemony in Eurasia and the ensuing threats to its status and interests. Thus we constantly hear reports about tensions, differences, resentments, etc., mainly about economic issues and Central Asia. Nevertheless, not only do both sides go out of their way to overcome critical differences, Vladimir Putin, who directs the policy, has apparently come to terms with China's rising position having said that, "the main struggle, which is now underway, is that for global leadership and we are not going to contest China on this."<sup>92</sup> So, for now, while Putin will vigilantly defend what he believes are Russian interests, this alliance enjoys powerful political and institutional support.



More to the point, and as the statements of China's Defense Minister should make clear, the Russian armed forces are among the strongest supporters of the alliance and indeed have openly called for an alliance beginning in Beijing in November 2014, an act that would be unthinkable without Putin's authorization. In October 2014 Putin said both states were natural allies.<sup>93</sup> In November 2014 Defense Minister Sergei Shoigu contended that Russia and China confront not only U.S. threats in the Asia-Pacific but also U.S.-orchestrated "color revolutions" and Islamic terrorism. Therefore, "The issue of stepping up this cooperation [between Russia and China] has never been as relevant as it is today."<sup>94</sup> Specifically, he advocated enhanced but unspecified bilateral Sino-Russian security cooperation and within the Shanghai Cooperation Organization.<sup>95</sup> Shoigu included not only Central Asia but also East Asia, as did Deputy Minister Anatoly Antonov. Both men decried U.S. policies that allegedly fomented color revolutions and support for Islamic terrorism in Southeast and Central Asia. Shoigu further stated that,

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And if we take into account the growing number and scope of Sino-Russian military exercises, culminating in Vostok-2018 (East-2018) where 3200 Chinese soldiers joined the regular autumn field exercises of the Russian army we will see that these ties have, if anything have grown, and will grow. Moreover, it is clear that there are powerful lobbies and interest groups who fully support the alliance with China against the West and who probably benefit from it in ways both material and political.

## **Dissenters**

Nevertheless there are some civilian analysts who express real concern about China. And this continues in journalistic circles. Recent articles argued that Russia has become China's raw materials storeroom or appendage, an outcome that Russian experts and officials warned about a decade or more ago.<sup>98</sup> Similarly the veteran independent defense commentator Pavel Felgengauer reported that Russian dependence upon China grows with every passing day.<sup>99</sup> Indeed, Felgengauer's reporting that the Russian military deliberately damaged a shipment of S-400 missiles to China because they were defective and claimed they were damaged at sea in a storm to hide their own shame and incompetence was so incendiary that it was immediately censored.<sup>100</sup> But, as this example shows, they are marginalized if not dismissed (or worse) by the military community. Still their views are of interest because they reflect what could, under changed circumstances become the Russian view and what a perception of a Chinese threat would look like.

Two critics who have previously openly warned about the Chinese military threat are Aleksandr' Khramchikhin and Alexei Arbatov. Khramchikhin, who heads the Analytical Department of the

Institute of Political and Military Analysis, has long argued that, “China will unavoidably expand and China will occupy Siberia and the Far East. China’s occupation of the region will not be achieved by peaceful means like immigration and economic expansion, but rather by force.”<sup>101</sup> He further wrote that,

There is no other state that would so openly declare its right to military aggression due to the lack of resources and territory. The underpinning idea of this concept is that due to the growing population and the limited resources China is facing natural need to expand its living space in order to support further economic activities and broadening its sphere of survival. It is assumed that territorial and space frontiers only delimit the area where the state can commit military force to effectively protect its interests. Strategic frontiers of the living space should be extended as China’s comprehensive power increases. This concept envisages moving hostilities from border areas closer to—strategic frontiers or even beyond them, as the armed conflicts can be brought about by difficulties in—ensuring legitimate rights and interests of China in [the] Asia-Pacific. China believes that the frontiers of the great powers’ living space lie far beyond their national borders, while the spheres of influence of smaller nations are less than their national territories.<sup>102</sup>

More recently Khranchikhin has argued that China is on the offensive, seeking to squeeze Russia and India out of Central Asia and that the dumbest and most inexcusable mistake Moscow has made is to sell China S-400 air defenses and Su-35 fighters that will be used against its forces.<sup>103</sup>

Meanwhile Arbatov argued that,

Without going into unnecessary military and technical detail, according to some most competent Russian experts, China has up to 800-900 nuclear warheads available for operational deployment (440 air bombs to be carried by aircraft of different types, 360 warheads for ICBMs, MRBMs, and operational-tactical missiles, and 45 warheads for SLBMs 19). All of them can be deployed so as to reach Russia (and more than 80 weapons are within reach of the US). China may have a total of 40 tons [of] weapon-grade uranium and 10 tons of plutonium. This would be enough to produce 3,600 nuclear warheads, although a large part of the weapon-grade nuclear materials and nuclear warheads may be kept at storage sites in reserve.<sup>104</sup>

Retired General Viktor Yesin, another nuclear expert, concurs with Arbatov’s figures.<sup>105</sup>

A still more recent discussion by Sergei Trush of the potential Russian and Chinese response to the demise of the INF treaty makes the point that China’s missiles (particularly the IRBMs which are the issue in the INF Treaty) can threaten Russia.<sup>106</sup> Nevertheless the burden of this article is that the U.S. position threatens Sino-Russian partnership and while he inclines to support a tripartite negotiation of a new arms control treaty to replace the INF, he certainly does not view China as a threat.<sup>107</sup>

At the same time, given the importance of Russo-Chinese relations for their bilateral relations, regional security in East, South, and Central Asia; every participant in this discussion knows that failure to keep pace with China signifies Russia’s decline and will also transform any “alliance” with China into an unequal relationship where, pace Bismarck, China is the rider and Russia the horse. Already in 2000 Vladimir Putin warned that if the Russian Far East (RFE) did not develop, its residents would be speaking Chinese, Japanese, or Korean.<sup>108</sup> Subsequently the prominent

Sinologist, Alexander Lukin, who defends the close Sino-Russian relationship, nevertheless warned that,

Although China's strategic planning continues to be restricted by the country's 'key interests', the range of these interests keeps expanding. Under Deng Xiaoping, these focused only on the issues of Taiwan and control over Tibet and Xinjiang. Today, however, they have been broadened to include the protection of China's positions in territorial disputes with Japan over the Senkaku/Diaoyu Islands and in the conflict in the South China Sea. Some Chinese experts also insist that the country's key interests should include the need to secure a worthy place for China in the world more generally.<sup>109</sup>

Thus everyone understands or at least should grasp that continuing Chinese aggrandizement inevitably entails Russia's failure to attain its primary strategic objectives, becoming "a major independent center of power --- positioning itself as the linchpin of Eurasian integration" and ensuing decline.<sup>110</sup>

### **From Wariness to Defense Alliance**

Therefore the policy review of 2013-14 clearly marks a turning point in Russian policy towards China and the fact of its coincidence with the Ukraine war only reinforces its conclusions that Russia has no choice but fears no serious strategic losses from turning to China. This marked a turning point for previous to that review there were occasional signs of overtly expressed defense concerns about China. Nonetheless the military was also previously concerned about China's rising interest in the Arctic and growing military capability, including the possibility of a mass ground attack on the Russian Far East based on the Chinese 2009 Stride Exercise.<sup>111</sup> Thus in 2010 the Russian government undertook the Vostok-2010 exercise that culminated in a nuclear strike on the stand-in for the PLA. As Jacob Kipp observed in 2010,

A year ago, informed Russian defense journalists still spoke of the PLA as a mass industrial army seeking niche advanced conventional capabilities. Looking at the threat environment that was assumed to exist under Zapad 2009, the defense journalist Dmitri Litovkin spoke of Russian forces confronting three distinct types of military threats: "an opponent armed to NATO standards in the Georgian-Russian confrontation over South Ossetia last year. In the eastern strategic direction Russian forces would likely face a multi-million-man army with a traditional approach to the conduct of combat: linear deployments with large concentrations of manpower and firepower on different axis. In the southern strategic direction Russian forces expect to confront irregular forces and sabotage groups fighting a partisan war against "the organs of Federal authority," i.e., Internal troops, the border patrol, and the FSB.<sup>112</sup> By spring of this year, a number of those involved in bringing about the "new look" were speaking of a PLA that was moving rapidly towards a high-tech conventional force with its own understanding of network-centric warfare.<sup>113</sup> Moreover, the People's Liberation Army conducted a major exercise "Stride-2009" which looked like a rehearsal for military intervention against Central Asia and/or Russia to some Russian observers.<sup>114</sup>

Beginning in 2009 overt discussions of the potential Chinese military threat began to surface in the military press to call attention to Chinese military prowess.<sup>115</sup> And they all pointed to the threat of an invasion, not just by a large, multi-million man army, but also to the example derived from China's military modernization that has led China to an informatizing, if not informatized, high-tech capable military in just over a decade.<sup>116</sup> In Russia's Far East, a dilapidated and

remote theater that is an economy of force theater with vast distances inadequate infrastructure, and a declining industrial and manpower base,

In the first instance, in any military conflict the Russian VVS cannot guarantee air superiority against the Chinese. Moreover, they do not possess sensor-fused cluster munitions, though in theory their surface-to-surface missiles (SSM's) could deliver cluster munitions depending on whether the missile troops remained intact long enough. Faced with an advancing PLA division or divisions' early use of TNW would present a viable option.<sup>117</sup>

Nevertheless by 2014 Shoigu and Antonov were advocating an alliance, Moscow was selling China crown jewels of Russian defense production like the S-400 air defense system and discussing sales of the SU-34 Fighter plane and the Amur-class submarine. Moreover, since 2014 regular joint naval exercises have taken place, not only in the Far East but also in the Mediterranean, signifying Russian acceptance of China's interests there and desire to lean on Chinese power in the Levant. Indeed, as a result of these exercises, including "Aerospace Security-2016" Russia may now sell China the nuclear capable Kalibr' cruise missile for use on Russian made Kilo class diesel-electric submarines even as Russia for its own purposes continues the ongoing combined arms build up of it Far Eastern Military District (FEMD) and overall military buildup.<sup>118</sup>

The Russian Pacific Fleet also joined with the PLAN recently to sail into the disputed Senkaku/Diaoyu islands provoking a significant Japanese response, an action that appears senseless unless the military and the government are trying to intimidate Japan into an agreement with Russia.<sup>119</sup> Yet Russia backed out for now of selling highly capable rocket engines to China, something that had hitherto not been the case. So there may be some second thoughts in Russia about this aspect of the alliance.<sup>120</sup> Nevertheless the 2017 Russo-Chinese aerospace simulation of a joint response to a ballistic missile attack drill clearly intended against the U.S. indicated "a new level of trust" between these governments by sharing highly sensitive information as missile launch warning systems and ballistic missile defense that "indicates something beyond simple cooperation" according to Vasily Kashin.<sup>121</sup> And certainly the discussion of the Kalibr merits serious scrutiny. In other words, while open suspicions of Chinese motives and capabilities in the Far East existed about a decade ago they have been driven underground and defense policy firmly supports alliance with China there and is manifested in practical activities like the exercises through Vostok-2018.

We see a similar trend in the Arctic. Once Moscow proclaimed its intentions in the Arctic, China was not far behind. Linda Jakobson and Neil Melvin have argued that Russia's 2007 deployment of a submarine to the North Pole and noisy filing of its claim to UNCLOS triggered Chinese interest in the Arctic by signifying that it was about to become an important area in world affairs. Since then, they argue, China has taken increasing appropriate steps to protect Beijing's perceived key Arctic interests: strengthening Chinese capabilities to prepare for the impact of climate change on food production and extreme weather, ensuring reasonable cost in access to Arctic shipping routes, and enhancing its ability as a non-Arctic state to access resources and fishing waters.<sup>122</sup>

As part of this buildup of interest and capability regarding the Arctic, in 2010 China challenged Russia's assertions of sovereignty over large parts of the Arctic much as Vietnam challenges China's similar assertions in the South China Sea and now the East China Sea.<sup>123</sup> Russia reacted predictably against China to challenge its claims of sovereignty in the South China Sea much as China has reacted against Vietnam. In 2009-10 China disputed Russian claims to the Arctic,

publicly stated its interests there, and demanded that it be taken into account there. Hu Zhengyue, Chinese Assistant Minister of Foreign Affairs, outlined China's overall Arctic agenda while attending an Arctic forum organized by the Norwegian Government on Svalbard in June 2009. Hu said,

When determining the delimitation of outer continental shelves, the Arctic states need to not only properly handle relationships among themselves, but must also consider the relationship between the outer continental shelf and the international submarine area that is the common human heritage, to ensure a balance of coastal countries' interests and the common interests of the international community.<sup>124</sup>

Professor Guo Peiqing put it more directly: "Circumpolar nations have to understand that Arctic affairs are not only regional issues but also international ones." Guo has estimated that about 88 per cent of the seabed of the Arctic Ocean would be under the control of the Arctic littoral states if the Commission on the Limits of the Continental Shelf were to approve all the existing or expected claims to the Arctic Ocean continental shelf.<sup>125</sup>

Essentially this meant that China, though not yet a member of the Arctic Council, disputed any claims of sovereignty in the Arctic waters beyond littoral countries' twelve-mile limit or EEZ if they signed the UN Convention on the Law of the Sea (UNCLOS). Furthermore although China lacks an Arctic coast, it stated: "The Arctic belongs to all the people around the world as no nation has sovereignty over it."<sup>126</sup> This statement directly challenged Russia's assertion over Arctic waters beyond its territorial limits, a cornerstone of Russian policy and its "vital interests" in the Arctic. Beyond these challenges to Russia there was also clearly some military interest among the Chinese Navy. Thus PLAN Rear Admiral Yin Zhuo reiterated this position that the Arctic belongs to all the people of the world and no nation has sovereignty over it according to UNCLOS.<sup>127</sup> He believed that there is a scramble for the Arctic underway that encroaches on China's interests and that China and other nations "should find their own voices" regarding the Arctic. In particular China should become an indispensable player in Arctic exploration, especially as the exploitation of the Arctic "will become a future mission of the navy."<sup>128</sup>

While such sentiments have not become policy and indeed, China had to accept the legitimacy of other states' claims to their Arctic EEZ's as a condition of membership in the Council, they are not isolated. There are notable exponents in China's navy and expert community of an aggressive policy to get foreign bases and to conduct missions beyond China's immediate coasts.<sup>129</sup> Moreover, Chinese strategy documents, e.g. The Science of Military Strategy, published in 2013, clearly take an expansive view of Chinese interests and capabilities in the world ocean including the Arctic.<sup>130</sup> But these statements also could serve then as probes that could be retracted (and in this case were retracted) if the reaction was too unfavorable. Indeed, once China affirmed that it would respect the Council's rulings and status, and not make contrary claims and accepted the restrictions on observers agreed to at an Arctic Council meeting in Nuuk in 2011 the way was clear to accept it as an observer.<sup>131</sup>

Beyond the expressions of such sentiments, even if China's navy still cannot compete with the US navy in projecting power abroad, it is vigorously building a capability to project naval and air power well beyond China's shores.<sup>132</sup> And these capabilities do not only threaten U.S. allies and interests, as Russian planners well know. Likewise these expansive objectives that could conceivably injure Russian interests were already in play a decade ago. While Arctic problems and issues, as China knows and admits, have hitherto been resolved by peaceful means like the 2010 Russo-Norwegian treaty, China at this time was suspicious of Russian and Western policy.



China appears to be particularly wary of Russia's intentions in the Arctic. Chinese observers have made note of Russia's decision in August 2007 to resume long-distance bomber flights over the Arctic and the planting of a Russian flag on the Arctic seabed that same month. Peiqing has said that the disputes in the Arctic are in fact 'Russia and some other states' challenge to the international order and international law after the end of the cold war'. China and the rest of the world would be at a disadvantage if Russia's claims over the underwater terrain between the Lomonosov and Mendeleev ridges are legitimized because, in that case, Russia alone would have rights to the resources in that area. Even if that claim is unsuccessful, some Chinese Arctic specialists have expressed concern that the commercial advantage of the Arctic routes would substantially decrease if Russia were to unilaterally charge exorbitant service fees for ships passing through its EEZ waters.<sup>133</sup>

In reply, Admiral Vladimir Vysotsky, then CINC of the Russian Fleet, presumably speaking with authorization from above, singled out China as a threat in 2010. Vysotsky said that,

There are a lot of people who wish to get into the Arctic and Antarctic from an economic point of view. --- We have already been observing how a number of states, which are not members of the Arctic Council, are setting out their interests quite intensively and in various ways. In particular, China has already signed agreements with Norway to explore the Arctic zone. We know about the economy and infrastructure that exist in China today, which is becoming our serious partner from both positive and problematical sides. --- Therefore Russia needs to form its rational position and, at the same time, not give up any of its interests. -- There are not long-standing relationships, overt opponents, or overt allies in the Arctic yet. But I believe the most problematic relations will be with those countries, which are not traditional members of the Arctic Council.<sup>134</sup>

These belligerent remarks and tough-minded policies as well as the continuing concern discussed below suggest that there was considerable anxiety then about China's economic and military ambitions. Indeed, during Chinese Prime Minister Wen Jiabao's November 2010 visit to Moscow it was clear that the two sides discussed prospects for ensuring security in the "world ocean" and Wen Jiabao was taken for a visit to the Northern Fleet.<sup>135</sup> Also at that time, Japanese analysts, who are prone to heightened sensitivity to anything that can be interpreted as Sino-Russian tension, observed that the true Russian aim was to contain the rapidly growing Chinese Navy because of concerns for Chinese ambitions in the Arctic, Russia's treasure chest. Indeed, precisely because the Sea of Japan, and sea routes through the Soya and Tsugaru Straits provided maritime routes of direct access to the Pacific they warned that Japan could become "a key potential flashpoint for a battle between China and Russia over marine access to Arctic resources." Thus Russia sought to bar Chinese inroads into the Sea of Okhotsk as well.<sup>136</sup> And once the UNCLOS granted Russia sovereign rights over the Sea of Okhotsk Moscow essentially closed off those waters to foreign navies.<sup>137</sup> Likewise Russia's snap inspection of the Far East Military District in 2013 was widely interpreted as a riposte to China to remind it that Russia had vital interests there. This is because that inspection occurred immediately after the PLAN circumnavigated Japan and traversed the Sea of Japan that Russia tends to regard as a Russo-Japanese lake.<sup>138</sup> By doing so the PLAN not only hinted at its capabilities against Japan and the Russian Far East but also at their larger capabilities or ambitions regarding the Arctic.

Here again we see a reversal of policy as the severe sanctions that have been imposed since 2014 forced Moscow to backtrack and welcome Chinese equity investment in Arctic and other energy projects, culminating in the Yamal project that opened in 2018. Moreover, there are no longer any open discussions about Chinese naval threats to the Arctic or in Northeast Asia generally,

another sign of the policy blackout and alliance with China. If anything the recent exercises alluded to above suggest convergence and alliance not suspicion.

Central Asia is another region where many scholars have invoked the specter of Sino-Russian defense tensions although for the most part the rivalry here appears to be economic and political, having to do with China's financial and investment clout in these states and the new Belt and Road Initiative. Nevertheless, and despite the fact that China's military presence in Central Asia has steadily grown to the point of a base in the Wakhan corridor in Tajikistan neighboring Afghanistan, no signs of Russian overt suspicion have emerged. The reasons given for this reveal a larger aspect of Chinese behavior to prevent such suspicions from disrupting the alliance and probably apply as well to Northeast Asia and the Arctic. Scholars like Jeanne Wilson and Nadege Rolland have noted China's "scrupulous respect" that goes far to assuage Russia's permanently wounded ego.<sup>139</sup> As Rolland writes,

Chinese strategists are clear-eyed about Russia's regional ambitions and pursuit of prestige, its concerns about China's strategic intent, and its uneasiness with the growing power imbalance. At the same time they are aware that Beijing's own regional supremacy cannot be achieved if Russia is antagonized and stands in the way. Chinese strategists thus advocate a low-friction path, prudently working on ways to assuage Moscow's fears while taking advantage of its current isolation and lack of alternative options. They hope that a concerted effort might enable the two strategic partners to avoid the rise of bilateral tensions and discord, while helping both achieve their regional objectives. As one top Chinese diplomat put it, Eurasia is the main region where China must work hand in hand with Russia to seek 'convergence and a balance of interests' and align both countries' Eurasian grand strategies. Visible between the lines of Chinese assessments, however, is the expectation that the accommodation of Russia's needs and fears will only be a transitional phase during which China needs to bide its time; in the long run Russia will have become a toothless former superpower, surrendering the stage for Beijing to fully assert its influence over Eurasia.<sup>140</sup>

Evidently this is what happened in regard to the newly confirmed Chinese base in Tajikistan. China has long been making military moves here, upgrading support for and exercises with Central Asian militaries and creating the base to protect its huge Belt and Road investments, and suppress Islamic terrorism at the source as well as in Xinjiang.<sup>141</sup>

In 2017 a Chinese think tank, the Development Research Center, invited a handful of Russian researchers to its Beijing office. In a private seminar Chinese officials explained why China had a security presence in Tajikistan that extended into Afghanistan's Wakhan corridor. They took pains to describe this outpost as built for training and logistical purposes, not a military occupation. They also sought to gauge Russia's reaction by inquiring how Moscow would view China's move into a traditional Russian sphere of influence and would it be more palatable if China deployed mercenaries rather than uniformed soldiers. As Alexander Gabuev said "they didn't want Russia blindsided."<sup>142</sup>

It therefore appears that this procedure or others that resemble it are being used in regard to defense consultations in places like the Arctic and Northeast (possibly Southeast too) Asia to solidify the alliance until China, as it expects, will, by a natural process of its growth and Russian decline, be able to fully reveal its hegemony over Eurasia. For now that process has succeeded brilliantly and there is little reason to see it failing in the immediate or short-term future, especially as Russian isolation continues due to its war on the West and domestic stagnation, policies that leave no option but dependence on China.



In other words in Sino-Russian relations Beijing as the stronger and rising power has taken to heart the point made by Brantley Womack concerning the necessity for a truly “win-win” regional strategy to be successful.

The problem with win-win as a regional strategy is that it is not sufficiently sensitive to the greater exposure to risk of smaller states in asymmetric relationships. The caution of smaller states is not a matter of resenting the gain of the larger – indeed; in proportional terms the smaller side benefits more. But risk is a more vivid concern than gain, especially since 2008. Greater asymmetry means greater exposure, and smaller states will be alert to the ambiguities of the intentions of the larger state as well as to the degree of isolation. Thus the key to a sustainable regional order beyond (but of course including) win-win is a formal commitment of the regional power to acknowledgement of other regional interests, to forms of interaction that preclude domination, and to regional openness.<sup>143</sup>

### **Inter-Military Coordination**

Bilateral military coordination began in 1993 when Chinese Defense Minister Qin Jiwei visited Moscow in 1993 and established official relations with Russia’s military.<sup>144</sup> Since then they have launched a new consultation mechanism or enhanced the existing mechanism every 3-4 years, either through treaty, agreement, or by institutionalizing regular practices. Concurrently they were expanding the frequency of contacts of existing mechanisms.<sup>145</sup> Thus by 2009 the Russian National Security Council and the China’s equivalent were meeting four times annually. As a result by 2018 high-level security consultations were occurring 20-30 times a year, not to mention regional consultations. Both sides also hold consultations “on the sidelines” of meetings of organizations like the Shanghai Cooperation Organization.<sup>146</sup> The upshot of this process or spillover also leads to regional consultations between different types of troops and army units that address issues of border protection, topogeodesic, meteorological, and combat support in the Russian Far East and Chinese Northeast. Meanwhile new for a like the China-Russia Northeast Asia Security Dialogue have subsequently been created, starting in 2015. Similarly the Consultation on the National Security Issues format is the first case of China crating an interstate consultative mechanism on national security issues with a foreign state. Thus it “indicates the convergence of Russian and Chinese positions on major global and regional security issues” and “the transition of the bilateral security cooperation into a new quality.”<sup>147</sup> Thus Korolev duly identifies five regular high-level for a dating back to 1993 for high-level systematic consultation and, presumably coordination dating back to 1993.<sup>148</sup>

Examining bilateral military cooperation, Meick finds numerous institutional venues of cooperation. The China-Russia Intergovernmental Joint Commission on Military Technology Cooperation formed in 1992 is the most important bilateral annual meeting on military-technical cooperation, particularly arms sales. It normally meets annually reviews the past year’s cooperation, and decides on the coming year’s priorities. Similarly the two militaries hold bilateral visits at the level of head of service and between commanders of certain units within their respective services.<sup>149</sup> Since 1997 they have also held annual Staff meetings to improve coordination and global and regional security concerns. Multilateral defense meetings serve as another venue for regular dialogue, e.g. the SCO annual meeting, the Chinese Xiangshan Forum, the Moscow Security conference, ASEAN Defense Ministers Plus (ADMM-Plus) and the annual Shangri-La Dialogue. Moreover the number of such meetings of high-level figures appears to be increasing.<sup>150</sup> Finally, as Shoigu noted above, the presence of 3600 Chinese military students in Russia over the last twenty years, inasmuch as the Chinese government instituted the program of military-educational exchanges in 1996 clearly betokens a long-term program of military

interaction and coordination that will continue into the future.<sup>151</sup> Indeed, China does not have any such exchange program with any other state.<sup>152</sup> Moreover, the examples of bilateral military coordination are growing. For instance, according to Russian sources China and Russia will merge their global positioning systems (GPS). This entails a merger of the GLONASS and BEIDOU systems with powerful military ramifications.<sup>153</sup> In addition we see China increasingly influencing Russia's domestic internet legislation and policy.<sup>154</sup>

## Exercises

Planning for joint exercises began in 2003-04 when Russian Chief of Staff General Yuri Baluyevsky indicated to China that strategic partnership with China was a Russian priority and has grown ever since. Drills began, ostensibly as anti-terrorist exercises, but in reality as showcases for Russian military equipment it wanted to sell and as rehearsals for large-scale contingencies either against Taiwan or in defense of North Korea or as rehearsals for intended contingencies in Eurasia in 2005.<sup>155</sup> These so called "peace mission" exercises became a regular feature until about 2012 when naval exercises that have since then occurred in the Baltic, Mediterranean, the Yellow Sea, and South China Sea began. And now in 2018 we saw as a culmination of efforts to date, Vostok-2018. These exercises send clear political signals about the relationship to the rest of the world and provide extensive training to thousands of troops and commanders, as their sophistication appears to grow annually.<sup>156</sup>

Thus in Peace Mission 2005 a new system of command codes allowing for transmission of orders and communication between Russian and Chinese pilots was introduced. Ever more elements of interoperability and integrated command were observed in Peace Mission exercises in 2009-10 when Chinese H-6 and Russian MiG-29 bombers were merged into a single squadron and given joint tasks to validate their effectiveness and interoperability in Russian.<sup>157</sup> Alexander Korolev duly asserts that as a result of such experiments,

These observations make it possible to say that China-Russia military relations have been moving into the initial stages of deep institutionalization, as is conceived in the present framework. The current state of military interoperability and episodic joint command may not guarantee the consolidation of deep institutionalization or the emergence of joint defense policies. However, it shows that the bilateral military interactions are highly functional and that there is a strong basis for a further enhancement that can be utilized in a time of need.<sup>158</sup>

For China there are added benefits beyond learning Russian technology, tactics, and procedures. Chinese land and naval forces get to operate in otherwise inaccessible but potentially important theaters. They also allow China to showcase weapons systems that it wants to market to Russia, because the arms trade is a bilateral rather than one-way affair, indicating China's military-technological progress. In the 2016 South China Sea exercise Russian participation in an exercise devoted largely to seizing islands displayed Moscow's support for China's dismissal of the findings of the Permanent Court of Arbitration in The Hague against its claims in that sea.<sup>159</sup> Finally the move towards naval, combined arms, and missile defense exercises after 2012 demonstrates a greater realism in choice of contingencies, sophistication, quality of weapons being used, interoperability, and capability in undertaking ever more serious missions. For example, the 2016 missile defense exercise in Moscow, like the subsequent one in 2017 cited above, involved "defending territory against accidental and provocative ballistic and cruise missile strikes and increasing interoperability. It led to "a new level of trust" and to sharing information in sensitive areas like missile launch, warning systems, and ballistic missile defense (BMD).<sup>160</sup> Here too, as in bilateral coordination and straining of Chinese students we see an

ascending curve and one moving up the ladder of military contingencies, weaponry, and striving for interoperability and joint command and control.

### **Arms Sales and Threat Assessments**

The trajectory of bilateral arms sales (because China is now also selling systems to Russia) parallels this upwards or ascending curve in bilateral military communications, education, dialogue, and interaction. In the 1990s sales to China helped Russian defense industry survive the collapse of the Soviet Union and its defense system. But by 2007, despite the Russo-Chinese treaty of 2001 sales were declining from their peak of about \$2 billion annually. There were many reasons for this. As this author observed in 2007,

China and India both have sought to enhance their own indigenous production capability and even to diversify among customers. Moreover, they are also increasingly compelling Russia to sell them technology and know-how to enable them to take such steps. As this author and others have noted, this trend was foreseeable since the global market has been for some time a buyer's market to which sellers must adapt to compete. Therefore, ROE (Rosoboroneksport) and the Russian government, rhetoric to the contrary notwithstanding, must be flexible, offering new creative ways of making deals, e.g., debt for deals, offset packages, barter, or access to energy fields in return for arms.<sup>161</sup>

Korolev also gives three reasons for this slowdown attributing it to Russia's own economic recovery after 2000 that allowed defense industry to produce for a domestic market that could actually pay for new weapons, China's own growing capability and China's habitual "indigenization" of Russian weapons (or to call it by its real name piracy) that allowed China to reverse-engineer the weapons, palm them off as Chinese eversions and sell them in Asia, Africa, and Latin America at cheaper prices thus driving Russia or threatening to drive Russia out of those markets.<sup>162</sup>

But in China's case there was great bitterness among arms sellers for this reason. Russian experts clearly understood this deep-rooted Chinese practice, but acknowledged that even if they impose restrictions on arms and technology transfers to China, future sales would depend on political decisions from above and beyond the arms sellers' discretion.<sup>163</sup> They also believed that Russia has successfully diversified its range of customers so that it can reduce its dependence upon the Chinese market as key new markets emerge: India, Algeria, Venezuela, and in particular, Vietnam. Indeed, in 2011 Russia disclosed that China got only 10 percent of its arms sales.<sup>164</sup> Therefore it looked like it might become more difficult for China to buy weapons and technologies it wants from Russia unless the political leadership approves such purchases.<sup>165</sup> Anatoly Isaikin, the head of Rosoboroneksport, said that arms sales to China could go from 40 percent of Russia's arms sales to 10 percent, because arms sales to other customers amounted to \$8 billion in 2008 and by 2011 this had proved to be the case.<sup>166</sup> Skepticism concerning China's "good faith" promises to desist from intellectual piracy may be another reason why Russia downgraded China's relative prominence among its trading partners. And this clearly affected bilateral relations.

Indeed, it was in 2008-10 that Moscow allowed the most overt representations of the Chinese military threat to be published. The conditions revealed then have not changed as both sides' capabilities have grown so Chinese capabilities to strike at Russia are greater than before as are Russian defense capabilities but the basic threat still holds. However open discussion is strictly forbidden and the military clearly sees only the U.S. as a threat due to the policy instituted after the inter-agency review of 2013-14. Nevertheless it is worth presenting those assessments to get

a sense of what some key figures may be privately thinking and saying.

As part of the Russian defense reforms of 2008-11 Russia reorganized its entire command control system to realign the military into four combined arms districts to increase its capability of all-arms or combined arms operations. The Far Eastern Military District (FEMD) is the largest of these structures and that is no accident. On this basis it was probably to receive the largest proportion of the massive conventional rearmament program through 2020.

Still Russia cannot compete with its potential enemies in the Far East, not least China. Therefore the continuing priority of nuclear weapons continues here. Russia must, rhetoric aside, take account of the growing pressure on China to abandon its no first use policy and China's increased nuclear and apparent second-strike capability, even as it must reduce its nuclear forces.<sup>167</sup> This downward pressure on the Far East's regional arsenal was already apparent in 2004-05, making it more likely that the Northern Fleet's nuclear forces and Russia's Non-Strategic Nuclear Weapons (Tactical nuclear weapons) will become more important for consideration of deterrence or first strike in the Asian as well as European theater. As of 2004

Currently, about 20% of the deployed Russian strategic nuclear forces remain in the Eastern part of Russia. As strategic forces shrink, the pace of reductions in the region is the fastest. In particular, three of the four divisions of the Russian Strategic Forces that have been disbanded since 2000 were located here. And the reductions will continue. Most likely, the SS-18 base at Uzhur will be closed down after 2010. The future of the SS-25 mobile intercontinental ballistic missiles (ICBMs) is also uncertain, as they are getting older. The submarine base on the Kamchatka peninsula will likely no longer host strategic submarines once the last Delta-III nuclear submarines will be retired. Thus, perhaps, the only place where strategic forces will remain in this part of Russia is Ukrainka, the home of strategic bombers. As deployment of strategic nuclear forces in the Eastern part of Russia is curtailed, non-strategic nuclear weapons in the region may be assigned a stronger role. According to the author's assessment, nearly one third of the 3,300 Russian non-strategic weapons are assigned for deployment with general-purpose forces in the Siberian and Far Eastern military districts. All of these weapons are currently kept at central storage facilities of the 12th Directorate of the Russian Armed Forces. In case of hostilities they can be deployed with surface-to-surface, surface-to-air, air-to-surface, anti-ship, antisubmarine missiles, and other dual-use means of the Ground, Air, and Naval Forces.<sup>168</sup>

The renovation of Russia's nuclear forces, 80 percent of which are intended to be new by 2016 is important here as is the continuing interest in exploring the use of NSNW (Or tactical nuclear weapons TNW) in Asian contingencies. If anything the role of nuclear weapons probably grew in Russia's calculations of its Asian defense program as suggested by the program to place tactical nuclear weapons on board submarines. This is because events in 2009 heightened Russian threat perceptions in this theater. The People's Liberation Army conducted a major exercise "Stride-2009" which looked like a rehearsal for military intervention against Central Asia and/or Russia to some Russian observers.<sup>169</sup> As Jacob Kipp wrote then,

Speaking of the deployment of two newly-organized brigades along the Russian-Chinese border on the Irkutsk-Chita Axis, Lieutenant-General Vladimir Valentinovich Chirkin, the recently appointed commander of the Siberian Military District, stated that the brigades were deployed there to counter the presence of 5 PLA combined arms armies across the border. From 2003 to 2007 Chirkin commanded an army in the Siberian military district. On the rationale for the deployment, Chirkin stated: "We are obligated to

keep troops there because on the other side of the border are five Chinese armies and we cannot ignore that operational direction." He added that the Ministry of Defense intended to develop an army headquarters for command and control of the brigades.<sup>170</sup> In a related report Chirkin described the PLA forces across the border as composed of three divisions and 10 tank, mechanized, and infantry brigades, which he described as not little but also "not a strike force." As to the role of the new brigades, Chirkin put them as part of a deterrent force aimed as friendly reminder to the PRC: "... despite the friendly relations with China our army command understands that friendship is possible only with strong countries, that is those (sic) who can quiet a friend down with a conventional or nuclear club."<sup>171</sup>

China's 2009 Great Stride exercises triggered the first open discussion in the Russian military press of the potential threat and no doubt inspired some of the planning for Vostok-2010.<sup>172</sup> According to Russian observers these Chinese exercises involved, "approximately 50,000 Ground Force and Air Force servicemen participated in the exercises, which were conducted on the territory of four military districts, and the latest arms systems and the national satellite navigation system were tested. The depth of the combined-arms divisions' push was increased from 1,000 km (in 2006) to 2,000 km."<sup>173</sup> Thus, soon afterwards Lieutenant General Sergey Skokov, Chief of the Ground Forces Main Staff, for the first time publicly stated that threats in the East could be described as follows. "...If we speak about the East, this can be a millions-strong army with traditional approaches to conducting combat operations-straightforwardly, with great concentration of manpower and firepower in individual areas."<sup>174</sup> Similarly Chief of Staff, General Nikolai Makarov gave a briefing in 2009 where one of the slides "show(ed) that it is, after all, NATO and China that are the most dangerous of our geopolitical rivals."<sup>175</sup>

Neither has China refrained from developing its missile and nuclear capabilities targeted against Russia. Yuri Solomonov, the general designer of the Moscow Institute of Thermal Technology claims that while China lags behind Russia in missile technologies by 10-15 years it will make up that difference in 5-10 years.<sup>176</sup> While Taiwan, the US, and Japan remain the priority focus of Chinese military developments,

Within the jurisdiction of No. 51 military base, the 810<sup>th</sup> Brigade (96113 Unit) stationed at Jinzhou District of Dalian and Ji An City is at a very high level of combat readiness. An instruction unit of this brigade is located at the Dalijiazhuang Township of Dalian. Among all the intermediate range ballistic units of the PLA Second Artillery Force, the 810<sup>th</sup> Brigade is the only one that has the capability to strike the whole of the Far East region of Russia and the Pacific Fleet nuclear submarine base on the Kamchatka Peninsula. This also indicates how serious the PLA Second Artillery Force looks at nuclear deterrence upon Russia. 96113 Unit was originally armed with DF-3 intermediate range ballistic missiles. It deserves further observation whether it has started to deploy DF 21c Missiles.<sup>177</sup>

Similarly, China's new DH-10 cruise missile represented at the time a significant advance in China's own TNW capability, as did the operationalization of several cruise missile brigades. Even if Taiwan remains the focus of Chinese military planning, that planning still identifies Russia and the US (as well as India) as potential enemies thereby envisaging possible nuclear scenarios against them.<sup>178</sup> Furthermore all the capabilities that evoke alarm in the US. Anti-Ship ballistic missiles, the development of Chinese air, ship and anti-air and ship capabilities, and missiles, are all usable as well against the RFE.

In this context a study of Russia's demographic crisis observed then that,



It has been hypothesized that military reductions might in turn reduce populations in peripheral regions below recoverable levels. As the armed forces reduce their size, the likelihood that populations in peripheral communities will migrate to European Russia increases. This in turn increases the necessity for the state to deploy troops to defend these peripheral and further depopulated regions whilst at the same time rendering this task more difficult. One analyst, aware of the population differentials on the Russo-Chinese border (1:15-20) has even suggested, “perceptions of low Russian population densities in the Russian Far East could lead to low-level Chinese probes and low intensity conflict in the next 10-20 years, but the continued existence of a substantial Russian nuclear arsenal will probably prevent the Chinese from seriously considering the option of launching a conventional military campaign to seize large parts of Russian territory as a result of demographic factors.”<sup>179</sup>

So, actual attacks are probably unlikely only if Russia can maintain nuclear deterrence, a posture that presupposes considerable suspicion if not hostility towards an ever stronger and probably economically superior China. As Kipp further observes

By spring of this year (2010), a number of those involved in bringing about the "new look" were speaking of a PLA that was moving rapidly towards a high-tech conventional force with its own understanding of network-centric warfare.<sup>180</sup> Moreover, the People's Liberation Army conducted a major exercise "Stride-2009" which looked like a rehearsal for military intervention against Central Asia and/or Russia to some Russian observers.<sup>181</sup>

Beginning in 2009 overt discussions of the potential Chinese military threat began to surface in the military press. These statements were deliberately planned to call attention to Chinese military prowess.<sup>182</sup> And they all pointed to the threat of an invasion, not just by a large, multi-million man army, but also, as Roger McDermott observes, to the example derived from China's military modernization that has led China to an informatizing, if not informatized, high-tech capable military in just over a decade.<sup>183</sup> In a dilapidated and remote theater that is an economy of force theater with vast distances inadequate infrastructure, and a declining industrial and manpower base,

In the first instance, in any military conflict the Russian VVS cannot guarantee air superiority against the Chinese. Moreover, they do not possess sensor-fused cluster munitions, though in theory their surface-to-surface missiles (SSM's) could deliver cluster munitions depending on whether the missile troops remained intact long enough. Faced with an advancing PLA division or divisions' early use of TNW would present a viable option.<sup>184</sup>

By the time Moscow published its 2010 defense doctrine it had begun to consider the rise of China, as both an example to emulate and as a potential threat to the RFE. This doctrine reiterated the long-standing invocation of a NATO threat but also added new threats that appear to be focused, albeit implicitly, on China. Specifically the 2010 doctrine cites a “show of military force with provocative objectives in the course of exercises on the territories of states contiguous with the Russian Federation or its allies” and “stepping up the activities of the armed forces of individual states (groups of states) involving partial or complete mobilization and the transitioning of these states' organs and military command and control to wartime operating conditions.”<sup>185</sup> Domestic and foreign commentators interpreted this language as underscoring Russian perceptions of an increased potential Chinese threat based on the modernization of the

Chinese armed forces and on the 2009 exercises that seemed to presage operations targeting the RFE.<sup>186</sup>

In response Russian military plans since 2009 betrayed increasing emphasis on meeting the Chinese threat even if it remains officially an unstated one. President Vladimir Putin and Defense Minister Sergei Ivanov had already previously announced a planned strategic upgrade for the Pacific Fleet specifically aiming to address this problem and make the Fleet Russia's primary naval strategic component.<sup>187</sup> This policy reversed the prior naval policy that made Russia's Northern Fleet the strategic bastion for anti-American scenarios in the 1990s, testifying to an enhanced threat perception in Asia despite the recent Russian show of force in the Arctic and calls to incorporate Arctic scenarios into Russia's armed forces' training and doctrine.<sup>188</sup>

We have already mentioned the concept of the Northern and Pacific Fleets as 'swing fleets' where either the Fleet, or air forces in one theater moves to support the fleet or air forces in the other. Russia has carried out exercises whereby one fleet moves to the aid of the other under such a concept.<sup>189</sup> Likewise Russia has rehearsed scenarios for airlifting ground forces from the North to the Pacific in order to overcome the "tyranny of distance" that makes it very difficult for Russia to sustain forces in Northeast Asia. And the revival of regular air patrols over the oceans have clearly involved the Pacific-based units of the Long Range Aviation forces as well as some of the Air Forces based in the North and Arctic who fly in the areas around Alaska.<sup>190</sup> Indeed, nuclear exercises moving forces or targeting weapons from the North to the Pacific or vice versa also occurred.<sup>191</sup> To the degree that Arctic missions become part of the regular repertoire of the Russian armed forces they will also to some degree spill over into the North Pacific. And this all preceded Vostok-2010, an exercise that culminated with simulated nuclear strikes on the PLA or China.

Since that exercise new signs of mounting Russian concerns about Chinese naval potency and potential claims as far as the Arctic led to further naval plans. Many of these concerns relate to the defense of energy platforms in Europe, Asia, and the Arctic. Those missions have become a central mission of the armed forces, particularly the Navy. Since the Vostok-2010 exercise one high-ranking Russian naval officer openly said that, "in order to maintain a power balance with China in the far eastern ocean area, it has become urgent that we reinstate nuclear ships that enable long-range area navigation and are equipped with advanced attack capabilities."<sup>192</sup> Other Defense Ministry spokesmen, who briefed the press on Vostok-2010 similarly observed that while the multi-million-man size of China's army generates concern, "we have the most convincing trump, nuclear forces."<sup>193</sup>

In upgrading the status of and funding allotted to the Pacific Fleet Russia's leaders were clearly reacting to the same phenomena: the overall regional dynamism, unresolved political issues, and rise of China that had at the same time caught the attention of military commentators who argued for making the Pacific Fleet the main Russian fleet and a primarily nuclear one at that.<sup>194</sup> All these activities are part of a broader buildup of military power comprising air, naval, nuclear and combined army, MVD, FSB, and Border Guards forces in the Arctic since 2007.<sup>195</sup> And Admiral Vysotsky's sharp retorts about the Arctic above (clearly with official sanction) also occurred at this time that appears to be the nadir of the arms sales relationship.

But at the end of 2008 both sides signed an agreement on intellectual property and resumed meetings of the Mixed Intergovernmental Commission on Military-Technical Cooperation (MICMTC) that began in 1992 and oversaw the arms sales process. This new agreement apparently has alleviated Russian concerns about piracy and intellectual property and the arms-sales relationship is now ascending again. The first joint production program began in 2011 with



regard to servicing Russian-made helicopters in China. By 2016 it had evolved into a joint production program for heavy-lift helicopters.<sup>196</sup> Since then joint production has grown to encompass not only the Lada-Class submarine but also several R&D agreements on aero-engine technology (where China has been way behind Russia), production of space components, and satellite navigation systems.<sup>197</sup> Beginning at this time it also has evolved to a relationship of interdependency not solely based on Russian arms sales, but one comprising joint design and production of arms and components. And since the inter-agency review mentioned above and the deterioration of ties with the West it has clearly intensified.<sup>198</sup>

Today Russia's deepest defense relationships are with China, India and Vietnam, which together account for 58 percent of Russian exports. China has received top-of-the-line Russian equipment of late, including the S-400 air defense system and Su-35 aircraft, while India and Vietnam have been purchasing and using Russian equipment since Soviet times. However there apparently is a possibility that Moscow could cave in to Beijing's demand to stop supplies to Vietnam in times of a Sino-Vietnamese conflict, but that the PLA could possibly be already familiar with and thus able to devise a counter against VPA's [People's Army of Vietnam's] Russian equipment.<sup>199</sup>

The imposition of sanctions and the withholding of exports of technologies involved in many components of weapons has forced Russia both to look to other parties like China for its imports but also, especially in the wake of trends discussed above since 2009 and the 2013-14 inter-agency review to sell more and better weapons to China. Moscow evidently decided to overlook its reservations about selling arms to China in order to achieve this improvement in relations. Consequently, Russia altered many of its military export practices with China to more fully exploit the Western arms embargo on China. First, Russia recently began selling some of its most advanced military technologies to China, Su-35 fighters, the S-400 air defense system, and began joint development of the Amur class submarines with China, three of the most cutting-edge platforms in the Russian arsenal. These platforms were supposed to be exclusively for Russian arsenals until the next generation designs were produced.<sup>200</sup> These decisions were made by the Russian Government despite the widespread concerns in the Russian Military and defense establishment that China is major arms export competitor and a potential future threat to its eastern Siberian territories. Moreover, Moscow has broken from its traditional practice of only setting up major contracts in which whole platforms were sold to establishing contracts with China to sell just aircraft engines, as evidenced by the fact that Russia contracts to sell China AL-41F jet engines as independent items.<sup>201</sup> This decision exemplifies the trend by which China can secure from Russia specific niche technologies or systems (aircraft engines) but refrain from buying large numbers of systems that Russia wants to sell. In other words, the buyer, in this case, China has the upper hand.

Second, Russia reversed its traditional practice of selling India more advance weapons than China. In the past, Russia sold India, historically one of Russia's closest allies, more advanced weaponry systems than it did China. For decades, whenever the Soviet Union/Russia sold weaponry systems to China it would sell more technologically advanced platforms of the same category to India. This was done in order to ensure that India had a favorable technological balance against China, and to thus maintain a militarily strong ally on China's southern border. Rosoboronekспорт sold China the Su-35, which is the most advanced version of the Russian Su-27, and considerably more advanced than the Su-30MKIs fighters that Russia sold to India.<sup>202</sup> While it is true that Russia has developed a fifth generation fighter with India (the FGFA, a derivative of the Russian PAK FA T-50) the aircraft is still only in the prototype phase and appears to be stalled.<sup>203</sup> The negotiations for that plane had stalled before they were suddenly resumed in February 2016.

Furthermore, as previously stated, Russia is jointly producing Lada-class attack submarines with China, which is a more advanced and silent version of the 8 Kilo class submarines that the Indian Navy possessed at the time.<sup>204</sup> Additionally, Russia sells more advanced, high performing jet engines to China than it does India.

These decisions have created displeasure in Indian circles because aggravate Indian security dilemmas. India is the loser in the growing China-Russia energy and arms sales ties. India is only now getting the S-400. Although India has held the technological edge in terms of the quality of its fighter aircraft; the SU-35 will begin to tilt the balance against it unless India, unless pays for the expensive upgrade of the SU-30MKI or begins receiving significant numbers of Russian fifth generation fighters. The Chinese-Russian entente could also mean that there could be an agreement for the supply of Russian engines for Chinese-designed and built fighters, which would make them much more capable than they are at present.<sup>205</sup>

Beyond these considerations, Russian arms sales also affect the East Asian security landscape in harmful ways. For instance, naval arms sales to China have clearly aimed to enhance China's ability to threaten the U.S. and its allies in the Asia-Pacific region (APR). We see this with particular clarity in the case of Russian policy towards Japan. Russian elites clearly believe Japan can be intimidated and that intimidation will duly lead to more concessions, hence the increasing number of over flights from 2010, well before the war against Ukraine. During 2014-15 these over-flights, naval probes, and references to Russian nuclear threats have increased greatly in Russia's efforts to unnerve and threaten Japan.<sup>206</sup> By 2016-17, they were occurring at record numbers.<sup>207</sup>

As commentators observe, China's naval strategy is moving from a sea denial strategy against the United States and Japan to a strategy aiming beyond the first island chain to a second island chain strategy where China can project power that places Japan Sea.<sup>208</sup> The former sea-denial strategy entails denying the use of the Yellow and East China seas to foreign offensive strike platforms. Russia's continuing military transfers to China are vital to upgrading China's capability for realizing this strategy.<sup>209</sup> As one recent analysis of Moscow's naval transfers to China observes,

The kinds of weapons that Russia was providing were geared much more toward fighting a maritime conflict with the West than a future land campaign against Russia. In fact, Moscow hoped that the buildup of China's maritime forces might intensify the growing competition between China and the United States in the Western Pacific, leaving the two strategically focused more on each other and away from Russia.<sup>210</sup>

In the naval sphere alone, Russian help has been critical in improving Chinese ship design, cruise and ballistic anti-ship and anti-air missiles, the ability to detect and track moving ships and airplanes at sea and strike them from a distance, and the naval air defense umbrella to prevent both the US and Japanese fleets from operating in the Western Pacific.<sup>211</sup> Cooperation is increasing due to the intensification of Sino-Russian relations and Russian economic distress. Russia is reportedly developing a naval version of the S-400 air defense that will be sold to China, doubling the effective range of Chinese naval-based air defenses.<sup>212</sup> The S-400 will cover the Senkaku Islands and increase the pressures on US and Japanese air capabilities given hardened Chinese air defenses and soft US air bases.

The 400-kilometer-range system will allow China to strike any aerial target on the island of Taiwan, in addition to reaching air targets as far as Calcutta, Hanoi, and Seoul. The Yellow Sea and China's new air defense identification zone (ADIZ) in the East China Sea will also be

protected. The system will permit China, if need be, to strike any air target within North Korea. Acquiring the S-400 strikes a major blow against Taiwan's defense and gives China uncontested air superiority over all of Taiwan's territory and into Japanese waters.<sup>213</sup> When these improved capabilities are taken in tandem with Chinese statements, exercises, and fleet deployments, we see that these capabilities have materially facilitated and are continuing to facilitate the ever-increasing use and bolder deployments of the PLAN and PLAAF to threaten Japan. The YJ-12 and YJ-18 cruise missiles derived from Russian sources also represent a qualitative leap forward in Chinese cruise missile projection capabilities even without the added capabilities of the Lada-Class Submarine.<sup>214</sup> Finally Russia has also agreed to sell China a consignment of IL-76 transport aircraft from Ulyanovsk, bringing the volume of annual arms sales to China back to the level of \$2 billion per annum that we saw a decade or so ago.<sup>215</sup>

Thanks to these sales Russo-Chinese maritime collaboration has grown to a very considerable degree. The trajectory of recent maritime exercises suggests that partnership has exceeded the original template of military cooperation. The naval drills are significant not only for the size of the contingents involved, but also for the quality of interaction, which now seems as structured as the U.S. Navy's many structured drills with its Asian-Pacific partners. --- The symbolism of growing Sino-Russian maritime synergy is both notionally relevant and functionally instructive. The military exercises have helped bolster the Sino-Russian strategic relationship, while reinforcing deterrence against perceived adversaries. By conducting the interactions in spaces dominated by America and its allies, Russia and China have sought to defy the U.S.-led maritime order. ---The maritime exercises have provided a framework by which Russian and China can develop their individual and collective defensive capabilities. Intensive combat-oriented operations also serve to signal a shift in the strategic balance of Asia. While the U.S. is still the dominant power in the Asia-Pacific, growing Chinese and Russian nautical interaction heralds the beginning of a multi-polar or possibly bipolar maritime order in Asia.<sup>216</sup> Finally Russian elites may hope that sales to China like that of the SU-35 will lead to further sales of the same systems in other parts of Asia, e.g. Southeast Asia.<sup>217</sup>

The preceding evidence shows quite conclusively that we have far to go to reach any limits on the military side. In arms sales China is now not only jointly producing weapons with Russia but even in some cases exporting weapons to Russia.<sup>218</sup> It is also increasingly able to obtain high-performance conventional systems that it needs like the S-400 and Su-35, and the joint production of the Amur-Class submarine. Meanwhile it has not paid a serious price for its piracy of Russian weapons that may have stopped but that enabled a great leap forward in Chinese defense technology. Although no new major sales are currently on the horizon; it might be premature to conclude that this mutually beneficial aspect of the relationship is played out.<sup>219</sup> Thus it remains to be seen whether the cooperation will continue with the next generation of weapons to include 3-D printing, hypersonics, artificial intelligence, robotics etc. But for now the arms sales aspect of the alliance remains on an ascending curve.

The same can be said for all the other military aspects of the relationship, exercises, inter-governmental fora for military dialogue, alignment on key issues like Korea, and the increasing ability of China to gain entrée into key Russian sectors like energy, not least in the Arctic. Indeed, their partnership serves as a force multiplier for both states against the U.S. and thus presents a challenge greater than the sum of their individual capabilities. As we have suggested, it emboldens each one of them to challenge U.S. interests and be secure in the knowledge that the other has their support and forces the U.S. to divert energy and resources to meeting the other partner's concurrent challenges. And, as we have noted, the military dimension of their relationship has ramifications that affect Asian security from India to Korea. To be sure, the tensions are there, e.g. the mass protest against Chinese presence around Lake Baikal.<sup>220</sup>

Nevertheless this alliance appears to be durable as long as the present regimes stay in power in both countries for it is based on and structured to realize the domestic policy and perpetuation in power of both regimes. So in both countries the alliance is simultaneously a domestic and foreign policy project and dismantling it would threaten the foundations of both states' systems.

## **Conclusions and Recommendations**

The foregoing assessment allows us to answer the questions posed earlier. The evidence to date tells us that both sides are engaging in contingency planning as shown in their exercises and for a of defense cooperation. This appears to be particularly true in Korea where both sides have vital interests but elsewhere it is not necessary. Neither is there any sign of an unwillingness to transfer key technologies, indeed quite the opposite seems to be the case. Here we must remember that China's technological capability is sufficiently robust that it no longer needs many of the systems it once did. Nonetheless it is getting what it does require without any real problems as shown above. Likewise there is no sign that Moscow fears the PLA as an adversary for the next decade. As noted above, a major inter-agency review concluded that this would not be the case for at least a decade, i.e. till 2030. And the parallel deterioration of ties with the West have clearly accelerated and deepened Russia's need to rely on Chinese cooperation and support. As we have shown the reverse-engineering and piracy issues of a decade ago have also been overcome and China is acquiring whatever it might need – and those needs have narrowed considerably due to China's own growth. And thus today Russian perceptions have shifted to accepting the idea of sharing technologies as the pattern of arms sales since 2012 and the advent of joint production ventures shows quite conclusively.

These conclusions impel the United States to take corresponding and decisive strategic action and policy reviews now because policymakers, though fully aware of individual threats from both Russia and China have dismissed the idea of an alliance.<sup>221</sup> First, we must grasp that this is a strategic alliance against U.S. power, interests, allies, policy, and values. Moreover, it is not solely a military alliance but one of concerted actions and an apparent division of labor in economics and politics (Energy and the Belt and Road Initiative, global governance, etc.) on a global scale. We are not being challenged solely in Europe, Northeast Asia or the Middle East but in all these regions and Latin America, and Africa. And the challenges encompass the whole of government and utilize non-military instruments like cyber-warfare or what China calls the three warfares (“(1) the coordinated use of strategic psychological operations; (2) overt and covert media manipulation; and (3) legal warfare designed to manipulate strategies, defense policies, and perceptions of target audiences abroad) on a grand scale.”<sup>222</sup>

Consequently the U.S. response must be strategic, multi-dimensional if not whole of government-oriented, and must rely strongly on our economic and strategic alliances that offer us a huge comparative advantage, and strengthen them. Unfortunately that is precisely what is currently lacking in U.S. policy. For example, it is a matter of the utmost strategic urgency to create a cyber and internet capability capable not only of deterring Russian intervention in elections but also of bringing the cyber war to Russia and doing the same with China. Likewise, instead of inducing allies to contribute more to their own defense jointly with us the Administration has launched trade wars against South Korea and India – whose support is vital to containing Chinese threats – and demanding from allies that they pay the cost of stationing U.S. forces plus 50%.<sup>223</sup> Such threats of economic warfare not only undermine confidence in U.S. leadership and thus allied cohesion in Asia and Europe they also demonstrate a White House that is simultaneously economically illiterate and strategically incoherent. Evidently it did not occur to anyone that imposing such costs would infuriate domestic politics in these countries and deprive those countries of the means of contributing to their own defense. Certainly there would be little

political will to support contributing to U.S. forces under such circumstances.<sup>224</sup> In addition the only beneficiaries of such policies would be Russia and China. Thus there appears to be little awareness in the White House that U.S. troops deployed abroad are defending not only allied but American interests, something Beijing and Moscow know well if our current administration does not appreciate. Sadly such defective policies are the norm and must be reversed if U.S. interests and values are to be defended.

What is needed, therefore, is a series of measures across the spectrum of government to meet the multi-dimensional threats we face.

1. It is necessary to upgrade conventional deterrence in Europe. This is not merely a matter of U.S. forces and capabilities, e.g. as requested by SACEUR General Scaparotti in his recent testimony.<sup>225</sup> Rather it means continuing pressure on European allies to beef up their defenses and enhance their capabilities since they too are at risk for the Russo-Chinese alliance and Moscow's ongoing warfare against Europe. Enhanced conventional capabilities will deter both Moscow and Beijing at the lowest rung of the escalation ladder and compel them to renounce the option of provoking what they think will be a small and rapid fait accompli against an ally because that deterrence, especially linked to forward presence and our alliances will preclude that alternative in their calculations. Threatening our allies will not accomplish the goals we need to reach this outcome but steady pressure plus encouragement for reform will and that combination must be reinforced by political measures discussed below.

2. It is equally necessary that we modernize and upgrade our nuclear capabilities to maintain deterrence and this is already happening along with the move to establish U.S. superiority in space. But we also must make sure we come out ahead in the race for new technologies, robotics, hypersonics, AI, 3-D printing, etc.

3. In Asia we must not only build capabilities to counter China's intermediate-range ballistic and cruise missiles but also to deprive them of the means of threatening control of the sea to the U.S. This clearly means strengthening alliances across the board. Even if the notion of a "quad" does not work it means strengthening ties with Japan, South Korea, Australia, the Philippines, Vietnam, and India.<sup>226</sup> We do not need a military alliance with India and Vietnam nor would they accept one. But their independence and ability to deter China and impose costs on it are vital elements of this strategy.

4. There is an urgent need for a new organization of U.S. cyber forces and capabilities to work with the private sector to defend vital infrastructure and information while also countering not only Russian and Chinese threats but also those by lesser adversaries e.g. Iran and North Korea. This reorganized agency must be able to both defend against attacks, counterattack enemies, and disseminate the truth about the U.S. while harmonizing with overall government strategy.

5. Sanctions on Russia are working but they should be extended to maximize the burden on the Putin regime whose popular support is visibly eroding and to maximize the cost to China, whose own growth is slowing, of supporting a Russia whose economy is and will remain stagnant yet insists on taking risks that may become more uncomfortable to China.

6. At the same time we need to counter Chinese economic power. This entails several steps that go beyond the trade negotiations currently underway. We need to enforce stricter controls on technology transfer to China. This probably means reducing the number of Chinese students in U.S. universities who are there because China can pay for them. They then go home and take our technology with them. Instead we should increase visas for students for other countries, and yes



this means reversing the counter-productive and divisive immigration policies of this administration. But it also means building up a global technological alliance among pro-American constituencies.

7. As part of the strategy to impose costs on China and counter its economic power we need a stronger policy towards Central Asia that not only opposes the Belt and Road Initiative but also takes visible and successful steps to upgrade our economic and political cooperation with Central Asian states that gives them economic and political alternatives to cooperation with Russia and China. This also means stronger and more overt support for local and regional initiatives of cooperation and integration among Central Asian states. The Administration has already begun this policy with some success.<sup>227</sup>

8. In Northeast Asia it is vital that the negotiation process with North Korea along with the inter-Korean process continue. However we need to see the Korean problem in a regional rather than purely nuclear perspective. We need to have an endgame in sight that denuclearizes North Korea, preserves and guarantees its security, maintains the U.S. alliance network with the ROK and Japan, and allows North Korea to take the option, if it wants, of economic modernization and cooperation with us and other countries rather than doing so exclusively with China. An independent, secure, and non-nuclear North Korea is the best we can hope for now and we must make efforts to bring that about. Doing so not only reduces tensions in Northeast Asia, it also will introduce strains into the Sino-Russian relationship. This is because North Korea will then likely eschew the huge economic dominance that China now has there and this opens up opportunities for Sino-Russian rivalry and for U.S. cooperation with a different Russia to provide North Korea with energy. This author has previously outlined such an endgame but the difficulty lies in getting there.<sup>228</sup> Nevertheless the effort is intrinsically worthwhile and the potential rewards of doing so are great therefore this course of action must be recommended.

9. In order to provide constant monitoring of this relationship and of the inter-relationships among other U.S. adversaries, e.g. North Korea and Iran with these governments, and also in light of Russia's importance, it might be well worth it to set up an analogue of this commission with regard to Russia. This would provide an independent though in-house, permanent organization to keep policymakers and experts abreast of current developments in Russia, to include its relationships with these states as well as its internal developments. Once Putin leaves, whenever that occurs, Russia is likely to become a rather different place even if we cannot predict what will happen and who comes next. The value of such an organization is that it gives everyone a public, independent look at the range of developments in domestic and foreign policy, including, not least, relations with the U.S. and China, and its military policy and capabilities.

10. Finally, the U.S. is and remains the exemplar and source of democratic inspiration and aspiration in this world. It is shameful, if not worse that this administration remains silent about China's Orwellian efforts at repression of its Muslim minority and Russia's revival of the Gulag and steady relapse into totalitarianism. To the extent that we are silent these states are emboldened and their allies or emulators abroad, e.g. Hungary, North Korea, Iran, or Venezuela are strengthened.<sup>229</sup> In other words, robust defense of our values correlates to a large degree with an equally robust defense of our interests. A robust championing of the democratic values that made the U.S. what it is today will not only soothe tensions in NATO it will also put enormous pressure on Moscow and Beijing, especially if conducted in tandem with the economic, informational, and military measures outlined here and in other writers' recommendations for U.S. strategy.

The recommendations offered here comprise all the dimensions of the sources of power summed up in the U.S. military's acronym DIME. Diplomatic, Informational, Military, and Economic. They all go together in Asia and Europe though the strategy must be adapted to the particular conditions of each theater. But if we act strategically vis-à-vis China and Russia, given our capabilities and the fact of our alliances we can not only prevail but also help move the world to a more peaceful and democratic world order over time. Even if one takes a tragic view of world politics and recognizes the moral risks inherent in U.S. leadership of the world there is no better alternative than democracy on offer today nor is it likely there will be a better alternative soon. That does not mean that we have to be the only center of power in the world system but it does mean that as the strongest power in the world we cannot shirk our responsibilities or misplay our hand without attaining disastrous results that we have already seen before and that threaten to appear again. It also means that abdicating our role and withdrawing in a fit compounded of pique and fatigue, leaves the stage to powers who can only preserve their own domestic not to mention regional order by means of war and repression and the constant threat of more of those phenomena.

An effective strategy to preserve our interests, alliances, and shared values begins with recognizing reality. And that reality is the Sino-Russian alliance. But that alliance also has rickety foundations, not least in Russia's stagnant economy and inherently unstable political system as well as the mounting signs of unrest and economic slowdown in China. It also suffers from an ever grater disparity of power between Russia and China that may, in time, allow the U.S. and its allies to exploit Russian feelings of resentment and resistance to subordination. This resentment may become greater – although China has generally behaved very carefully as seen above – because there are increasing signs of a general global arrogance in Chinese diplomacy. Such signs may boomerang on Beijing in its relations with Moscow.<sup>230</sup> Those trends underscore the equally if not even more compelling reality that in fact U.S. alliances are an even more powerful reality and U.S. capabilities are still unmatched especially when our allies are added to the equation. Therefore to prevail in this contest means recognizing the latent and manifest capabilities that we possess to meet this challenge, develop, and then apply them. For if we fail to grasp the reality confronting us the effort to restore peace, security, freedom, and human dignity will require an effort even greater than that we have expended since 1933. And the bitterness involved in paying that price to restore a truly shattered world once again will be further enhanced by the realization that things did not have to go this way and that by our neglect and failure to grasp reality we brought the intervening cataclysm upon ourselves.



## Notes

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<sup>3</sup> Vasily Kashin, *The Current State Of Russian-Chinese Defense Cooperation*, Center For Naval Analyses, 2018

<sup>4</sup> “Kremlin Aide Highlights Cooperation With China As Russia’s Foreign Policy Priority,” <http://tass.com/politics/1007915>, June 4, 2018

<sup>5</sup> Kashin, p. 14

<sup>6</sup> *Ibid.*

<sup>7</sup> [www.xinhua.net](http://www.xinhua.net), *Full Text: China's Policies on Asia-Pacific Security Cooperation*, [http://www.xinhuanet.com/english/china/2017-01/11/c\\_135973695.htm](http://www.xinhuanet.com/english/china/2017-01/11/c_135973695.htm), January 11, 2017

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<sup>12</sup> “Russia, China Moving Forward To Form Strategic energy Alliance,” [www.southafricatoday.net](http://www.southafricatoday.net), May 29, 2018

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<sup>15</sup> Blank, “Russian Writers,” pp. 255-290

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## **OPENING STATEMENT OF PRANAY VADDI, J.D., FELLOW, NUCLEAR POLICY PROGRAM, CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE**

COMMISSIONER KAMPHAUSEN: Thank you, Dr. Blank. We typically save our questions for the end, so I'm not going to ask you respond. The title of this panel was Friction Points. The obvious question that I'll ask you first when we get to Q&A is, are there any? Your testimony would seem to suggest that there aren't in the military relationship, and so we want to examine that a bit more.

But before we do, we're going to hear from Mr. Vaddi, who will speak next.

MR. VADDI: Well, thank you to the Commission for the opportunity to testify. In my testimony, I'll discuss how China and Russia view arms control and non-proliferation agreements; how recent events in arms control may impact the China-Russia relationship; China's nuclear doctrine; U.S.-allied security, and the prospect for future arms control of China.

As my expertise is primarily in U.S.-Russia strategic arms control and nuclear policy, that's the narrow perspective from which I hope to address the Commission today. I also notice that I'm the only one with a name card that does not say doctor, so please take that into account when you ask your questions of me.

(Laughter.)

MR. VADDI: Since first demonstrating a nuclear weapons capability in 1964, Beijing has maintained a relatively small nuclear stockpile. It's probably estimated to contain about 300 nuclear warheads which are capable of being placed on strategic-range delivery vehicles. This is one factor behind China's hesitancy to engage in nuclear arms control with the United States.

However, China has participated in global non-proliferation agreements for a long time. Agreements such as the Nuclear Non-Proliferation Treaty, Nuclear Suppliers Group, and setting this aside, Beijing's track record on certain agreements such as missile technology, proliferation and export control related agreements is a little bit more checkered.

Beijing also participates in some regional transparency and confidence-building measures in Asia. I have some specific examples in my written testimony, and the countries that are involved in those agreements.

Historically, China's concerns with U.S. actions make an arms control process with Beijing unlikely. Meanwhile, Russia, who co-founded many of the non-proliferation agreements which formed the global regime that exists today with the United States, was a partner. But Moscow now has grown a little bit wary of traditional arms control agreements as well.

There's of course the example of the INF Treaty violation, but this actually follows a stagnation of the U.S.-Russia bilateral arms control process that dates back to the 1990s, since the end of the Cold War.

Russia and China both cite a few similar factors that are impeding arms control with the United States. These include U.S. military actions and the placement of U.S. forces near their borders in areas they wish to influence; advancements in U.S. conventional precision strike capabilities; U.S. refusal to engage on their sponsored arms control proposals and global disarmament fora; and the continuing expansion of U.S. missile defenses.

To each country these all confirm long-held suspicions regarding U.S. intentions. It's unclear whether the end of the INF Treaty will lead to any greater security cooperation between China and Russia, or greater suspicion. We don't know what each country involved is going to do quite yet.

China's public reaction to this point is focused on asking the U.S. and Russia to come

together to preserve the INF Treaty and making clear that China has no interest in joining the treaty.

Meanwhile, Russian officials, including former Defense Minister Sergei Ivanov, expressed concern in the mid- to late 2000s that China's growing medium-range missile force was concerning to Russia, and that Russia's adherence to the INF Treaty was, quote, a mistake.

It's important to note that Russia modernized its short-range missile forces during this time, and it may have even begun development of the INF-violating SSC-8 cruise missile at this time as well.

Russia also moved the new Iskander short-range cruise missiles at the time to the east, and short-range ballistic missiles. All these were moved to the Far East and point to a continuing distress at that time with China, and it makes long-term and extensive Sino-Russian security cooperation difficult to imagine, at least in this narrow space.

In discussing China's nuclear thinking and its relationship with Russia, it's important to highlight China's current nuclear posture. China's strategic deterrent is composed mainly of -- public estimates are 75 to 100 intercontinental ballistic missiles, close to 300 nuclear warheads. They also have some efforts at modernizing a mobile ICBM force, as well as ballistic missile submarines, which are both survivable delivery systems that fit more with China's limited nuclear doctrine.

U.S. and Russian missile deployments after the end of the INF Treaty may prompt Beijing to adopt a less restrained nuclear doctrine depending on the size, quality, quantity, et cetera, of these deployments. As I mentioned before, we don't know exactly how each country will react to the demise of INF.

However, China's current posture has been unchanged for a long time. China's long-held view is that the size of its nuclear force is unimportant as long as it is capable of a reprisal against an adversary in the event of a conflict. It's unclear if the U.S. and Russian missile deployments after INF would be enough for Beijing to abandon these decades of conservative nuclear doctrine.

Now, arms control with China in the current environment seems very unlikely. There's no U.S.-China arms control process to speak of, and it can't be developed overnight.

Consider the years in the Cuban Missile Crisis that it took for the U.S. and Soviet Union to begin an arms control process, which started with some simple transparency and confidence building, dialogue and then eventual treaties. So demanding China to join the New START treaty, for example, or join the INF Treaty as it stood is unrealistic, and it kind of puts the cart before the horse when it comes to a U.S.-China dialogue on arms control.

Intuitively, China supports a continuing U.S.-Russia arms control process, of course. New START constrains the U.S. nuclear forces that are most readily available and capable of striking the Chinese mainland, and that benefits China's national security and also may reinforce China's nuclear planning at this point.

The eventual termination of the INF Treaty poses a risk for U.S. regional allies, and it also signals a halt to the U.S.-Russia arms control process, which would be exacerbated by a failure to extend the New START treaty or follow on the New START treaty with a new agreement.

The responses by Russia and China to likely U.S. missile deployments after the end of the INF Treaty, including doctrinal shifts or new military deployments, will change the security picture for allies.

Given these dynamics, starting a U.S.-China arms control process can help address the

concerns that the United States has with China's expanding military power, the worsening U.S. military edge, concerns about regional ally security and their confidence in the United States as guarantor of extended deterrents, and a potential for China and Russia to be pushed together for further alignment versus the United States, can also be mitigated.

All this requires the U.S. outlining what Chinese actions or capabilities are actually concerning to us, how they can be limited as opposed to only being deterred, demystifying arms control for China, overcoming Beijing's traditional distrust in any transparency regarding its nuclear doctrine, nuclear forces, nuclear program, and letting them know it's not solely for the exploitation by the U.S. military that we'd like to speak to them.

I have several other suggestions that are in my written testimony, but I'll end my remarks there as I'm out of time, and I look forward to your questions.

**PREPARED STATEMENT OF PRANAY VADDI, J.D., FELLOW, NUCLEAR POLICY  
PROGRAM, CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE**



**An Emerging China-Russia Axis?  
Implications for the United States in an Era  
of Strategic Competition.**

**Pranay R. Vaddi**

Fellow

Nuclear Policy Program

Carnegie Endowment for International Peace

Testimony before the U.S.-China Economic and  
Security Review Commission

March 21, 2019

## ***Introduction***

Thank you to the Commissioners for the opportunity to testify. In my testimony, I will discuss how China and Russia view arms control and nonproliferation agreements. As my expertise lies primarily in U.S.-Russia arms control and nuclear policy, this is the perspective from which I hope to offer insights for the Commission's further work.

My testimony includes analysis on Russian and Chinese views on the Intermediate-Range Nuclear Forces (INF) Treaty, how termination of the agreement may affect Sino-Russian relations, resulting drivers for China to potentially shift its nuclear thinking, and how the United States and allies can respond to changing regional stability dynamics in the Asia-Pacific. I will conclude with some recommendations for the Commission's further consideration.

My key analytical observations follow:

- (1) For a number of reasons, stemming mostly from the large disparity in the U.S. and Chinese nuclear weapons inventories, China has historically avoided engaging the United States in arms control agreements. China has increased participation in the broader global nonproliferation regime over the past few decades, but its reticence toward traditional arms control persists in the face of INF termination and is unlikely to change in the near future.<sup>1,2</sup> Overall, the factors that have historically prevented Beijing from arms control with the United States will be present for the future.
- (2) In the aftermath of INF termination, the U.S. and Russia will have to consider the strategic and arms race stability implications of deploying formerly banned missiles in East Asia, including China's potential responses to these deployments. U.S. and Russian concerns regarding Chinese nuclear modernization and missile programs are long-standing. It is possible that China could adopt a less restrained nuclear doctrine, as U.S. and Russian missile deployments could undermine Beijing's confidence in its small nuclear deterrent force. Such a shift would affect alliance security and regional stability.
- (3) China and Russia have engaged in sporadic strategic cooperation since the dawn of the nuclear age. U.S. actions are one driver for this cooperation, but not the sole driver. It is difficult to predict the extent to which the Sino-Russian relationship will be more or less cooperative after the INF Treaty's demise.

## ***Part I. Differences in Beijing and Moscow's Views on Arms Control Regimes***

### **Introduction:**

Whereas China only began to engage in global nonproliferation and arms control regimes in the late 1980s and early 1990s, the Soviet Union was a founder alongside the United States of the many agreements that later became pillars of the international nonproliferation system. During the Cold War, the Soviet Union engaged in bilateral nuclear negotiations with the United States beginning in the 1960s. These efforts resulted in a series of agreements that limited and then reduced the strategic and non-strategic nuclear forces of both states. Today, however, both Russia



and China are increasingly skeptical of traditional arms control. Although they are wary such processes for varying reasons, their cynicism will shape efforts to negotiate future reductions.

### China:

Since first demonstrating a nuclear weapons capability in 1964, Beijing has maintained a relatively small nuclear stockpile, publicly estimated to contain below 300 warheads. The limited nature of China's nuclear force compared to the still-large U.S. and Russian nuclear arsenals, among other factors,<sup>3</sup> undergirds Beijing's refusal to participate in traditional nuclear arms control. The rationale behind this aversion, and its potential to change, are explored further in Part III.

China's hesitancy to engage in nuclear arms control has not prevented it from participating in global arms control and nonproliferation agreements, though Beijing's record of accomplishment is mixed. After joining the Nuclear Non-Proliferation Treaty (NPT) and, later, the Nuclear Suppliers Group (NSG), Beijing has largely upheld nonproliferation norms and practices, though with some notable exceptions. At the same time, however, Chinese entities have engaged in serial proliferation of missile technology, resulting in numerous U.S. sanctions.

Beyond these global agreements, Beijing also participates in regional transparency and confidence-building measures (TCBMs) designed to minimize tensions and limit military forces along contested borders, and peacefully address territorial and maritime disputes with neighbors. These measures include the China-Russia Agreement on the Prevention of Dangerous Military Activities, the Agreement on Mutual Reduction of Military Forces with the Central Asian former Soviet Union states, the China-India Agreement on the Maintenance of Peace and Tranquility Along the Line of Control, and the China-Association of Southeast Asian Nations (ASEAN) Declaration on the Conduct of Parties in the South China Sea. While non-binding understandings have limits, and China's interest in keeping U.S. views out of these conversations may lead one to question its motives,<sup>4</sup> these are examples of Beijing's interest in preserving regional stability.

Historically, China's concerns with the U.S. military's capabilities, policies, and unwillingness to address China's security concerns in negotiations may make further TCBMs unlikely.<sup>5</sup> Chinese officials find particularly vexing:

- U.S. military actions and placement of forces, such as the Terminal High-Altitude Air Defense (THAAD) battery in South Korea, in China's periphery;
- advancements in U.S. conventional precision strike capabilities and their potential use against Chinese strategic assets;
- U.S. refusal to engage on Chinese-proposed arms control proposals;<sup>6</sup> and,
- a U.S. Missile Defense Review (MDR) that continues to push for greater technological advancement in missile defenses.

To Beijing, these are all examples confirming China's suspicions regarding U.S. intentions. These actions have parallels in a Russia context as well, given the aforementioned concerns in Moscow regarding NATO expansion and U.S. missile defenses. Not surprisingly, Chinese and Russian officials recently noted their opposition to U.S. unilateralism as a reason for forming a strategic partnership.<sup>7</sup>

## Russia:

Moscow's wariness of traditional arms limitations is growing. In the past decade, Moscow has methodically ceased implementation of or violated arms control agreements that Russian leaders have found disadvantageous. The Kremlin's violation of the INF Treaty, refusal to negotiate a follow-on agreement to the New START Treaty in 2013, and willingness to flout other international obligations paint Moscow as currently cynical about self-restraint, diplomatic and military cooperation, and mutual risk reduction.

This follows stagnation of the bilateral arms control process after the significant accomplishments of the 1987 INF Treaty and the 1991 Strategic Arms Reduction (START) treaties. U.S.-Russia arms control was undermined by several factors:

- the failure of the START II entry into force;
- Advancements in U.S. conventional precision strike capabilities their potential use against Russian strategic assets, and the potential that such capabilities would not be constrained through an arms control agreement;
- U.S. withdrawal from the Anti-Ballistic Missile (ABM) Treaty; and,
- a shift in the U.S. focus in the 1990s and 2000s to combating global terrorism and related conflicts (this is a fact, without judging whether the overall results are positive or negative for U.S. strategic interests).

Perhaps most significantly, the U.S. ABM withdrawal has been a sticking point for Russia. This action showed a United States backing away from the concept of strategic offensive and defensive weapons being interrelated, which long underpinned both countries' assessment of the bilateral strategic balance. Russia continues to criticize U.S. ABM withdrawal as an example of arms control perfidy, and to this day, it is put forward as a key element of Russia's negotiating position for a future arms control agreement. Russia is focusing research and development efforts on missile defense-evading capabilities.

Both China and Russia distrust U.S. intentions, perceiving the U.S. as determined to preserve global and regional dominance, and to deny them what they view as their natural and rightful primacy in their home regions. They perceive a U.S. refusal to address or negotiate over their political and security concerns, or weapons systems (including ballistic missile defenses) that alarm them. However, the differing views on traditional arms control cooperation with the United States do not appear to materially affect the Sino-Russian relationship.

## ***Part II. The INF Treaty and the Impact of Treaty Termination on Sino-Russian Relations***

It is unclear whether the end of the INF treaty will lead to greater security cooperation between China and Russia, or greater suspicion. China's public reaction to the INF Treaty announcements do not preview what Beijing's military response may be. Chinese officials have openly asked the two sides to work out their differences and preserve the INF Treaty. Additionally, Chinese officials have made clear that China would not join a multilateral INF Treaty.<sup>8</sup> How China reacts over time to an increase in Russian intermediate-range missile deployments will provide a signal

whether China views Russia's INF responses as suspicious and/or destabilizing, and whether military cooperation will ramp up or decrease.

Russia feelings toward the INF Treaty shifted substantially due to alleged concerns regarding China's military power. In particular, Russian officials have argued since the mid-2000s that China's (and other nearby countries') growing medium range missile force is concerning.<sup>9</sup> Then-Defense Minister Sergei Ivanov cited China as a worrisome possessor,<sup>10</sup> calling Russia's adherence to INF a "mistake" and claiming that these missiles would be "quite useful" to have.<sup>11</sup>

Unable to build a formidable arsenal of intermediate-range ground-launched missiles, Russia instead pursued a modernization of its short-range rocket forces, introducing the advanced *Iskander* missile system in the mid-2000s. It was also in this period that Russia might have begun development of the INF-violating SSC-8 cruise missile.<sup>12</sup> The Kremlin prioritized development of these missiles, regardless of existing Russian INF obligations, to meet the concerns expressed by Putin and Ivanov. Given the prior *Iskander* deployments to the Far East, there is potential for Russian intermediate-range missile deployments in the region as well. These actions fit with the security concerns embedded in Russia's criticism of the INF Treaty.

Future military-technical cooperation between Russia and China would not be unprecedented. Prior to the 1960 Sino-Soviet split, the Chinese ballistic missile program benefitted from Soviet assistance.<sup>13</sup> The two countries also cooperated on nuclear technology, with nuclear technology sharing agreements concluded by General Secretary Khrushchev and Chairman Mao during the 1950s. In the past, China has purchased and reverse engineered Russian air defense systems, and most recently purchased the advanced S-400. Russia was the primary exporter of arms to China following Tiananmen Square-related arms embargos from Western nations.

Nevertheless, deep-seated distrust in the Sino-Russian relationship makes long-term and extensive security cooperation of this kind difficult to imagine, even after the INF Treaty is gone. The two countries appear to be partners of convenience in security cooperation, both foils to the United States on numerous issues, as expressed in multilateral fora.<sup>14</sup> Importantly, China and Russia each field indigenously developed advanced missiles; the technology required for their respective strategic and non-strategic missile systems is no longer exceptionally novel, and each country can stand as an independent military power. There is likely less value to technical cooperation today than there was at the beginning of the Cold War. Moreover, the concerns expressed by Russian officials in the mid-2000s called out China's large, unrestrained missile force; this security problem still exists today. Finally, Moscow's concerns with China's economic influence in Central Asia, its long-term economic and manpower advantages, and its military strength in Russia's backyard, will likely prevent any "strategic cooperation" from moving toward a true military alliance.

### ***Part III. Factors Which May Motivate a Change in China's Nuclear Posture, and the Effects on Regional Stability***

China's strategic deterrent is composed of 75-100 intercontinental ballistic missiles (ICBMs), with efforts underway to add more survivable, delivery systems, such as modern, mobile ICBMs and ballistic missile submarines (SSBN).<sup>15</sup> Largely, China is seeking to buttress a retaliatory strike

capability, which fits with its restrained nuclear doctrine. Yet these advancements, combined with some ambiguity in China's nuclear doctrine (including the scenarios under which Beijing's NFU policy may no longer apply) have caused concern among U.S. defense officials.<sup>16</sup>

The souring U.S.-Russia nuclear relationship and probable halt to further nuclear reductions, in addition to potential U.S. and Russian missile deployments following the end of the INF Treaty, may prompt Beijing to adopt a less restrained doctrine than its current minimum deterrent posture and "no first use" (NFU) policy. Such a shift could negatively affect an already precarious regional stability dynamic and Sino-Russian relation. An action-reaction cycle of missile deployments and more assertive nuclear policies would undermine on regional stability, and allied security. However, it is unclear whether U.S. and Russian intermediate-range missile deployments in Asia would be a motivator for Beijing to abandon decades of a conservative nuclear policy.

At this point, China maintains a small strategic deterrent, and is not motivated to attempt to meet U.S. or Russian strategic forces numerically. This position is unlikely to change. As the U.S.-China relationship has become more competitive, China has not taken steps to drastically increase the size of its nuclear arsenal to this point. As mentioned above, China has fielded a relatively small nuclear force despite possessing a nuclear weapons capability for more than fifty years. This posture fits with China's long-held view that the size of its nuclear force is unimportant as long as it is capable of reprisal against an adversary's nuclear attack (which reinforces its current NFU policy).<sup>17</sup> Ostensibly, China is more interested in the modernization and expansion of its conventional forces – military capabilities useful for regional security goals - than a nuclear "sprint to parity."

#### ***Part IV. Prospects for Arms Control and Addressing Evolving Regional Stability Concerns***

China does not possess the decades of cooperative experience that resulted in U.S.-Soviet arms control muscle memory. The U.S.-Russia arms control process began nearly six decades ago with limited TCBMs following the Cuban Missile Crisis. U.S.-Soviet negotiations for eventual arms limitations took years, with the Strategic Arms Limitation Talks resulting in tangible agreements in the ABM Treaty and Interim Agreement on offensive arms limits after three years of intense bilateral negotiations. U.S.-Soviet and U.S.-Russian agreements concluded since then have largely been based on the original work of the SALT negotiators. The extremely detailed provisions of the START and INF treaties - definitions for weapons capabilities, categories of weapons to be limited, the kinds of information to be shared for verifying capabilities and intentions, and procedures for meetings, data sharing, and inspection - all sprang from long SALT negotiations nearly two decades before. In summary, it is naïve to think that a U.S.-China arms control relationship can be developed overnight.

As has been the case for decades, China will continue to support US-Russia arms control processes, despite not being party to them. The discrepancy in nuclear stockpiles (Table 1) is regularly advanced by Beijing as a reason to avoid arms control with the United States and Russia. Intuitively, China sees value in a continuing U.S.-Russia arms control process, regularly voicing support for continued New START implementation, and for both sides to find a cooperative way

to save the INF Treaty. New START constrains U.S. nuclear forces capable of striking the Chinese mainland, benefitting Chinese posturing and planning.

Beijing's open lack of interest in joining INF,<sup>18</sup> and the clear U.S. and Russian interest in deploying the previously banned missiles, mean that the intermediate-range missile space will likely remain unconstrained by arms control for the near future. Following the recent U.S. suspension, the United States is legally permitted to field ground-based, intermediate range systems. U.S. officials and analysts have noted the value of these missiles against China. It is logical for Beijing to anticipate potential U.S. missile deployments in the Asia-Pacific. As described above, Russia has already deployed short-range missile systems in the Far East, and after suspending the Treaty shortly after the U.S. announcement, can legally field intermediate-range missiles close to China's borders as well. Adding to this bleak outlook, the worsening of tensions in the U.S.-Russia relationship, and unlikely nuclear reductions progress, may make a serious strategic arms control effort that includes China even less likely.<sup>19</sup>

The eventual termination of the INF Treaty has put regional allies further in the bullseye in both Asia and Europe, and may put regional stability at risk. Asian countries may have to contend with intermediate-range missile deployments by the United States, Russia, and additional deployments by China. U.S. allies in the region have not faced a Russian nuclear and conventional ground-based, intermediate-range missile threat for the past thirty years. Whether China responds symmetrically or chooses asymmetric responses, such as designing greater capabilities to suppress targeting and communications, missile defenses, or space and cyber responses, these moves will affect allied security and regional stability. The likelihood is present for all major players in the region – the United States and its allies, China, and Russia - to increase military capabilities after the INF Treaty is gone.

With the potential military deployments in the Asia-Pacific after the INF Treaty, and a lack of current U.S.-China dialogue on arms control, efforts to create regional cooperative security mechanisms may help reduce uncertainty as the new strategic picture in the Asia-Pacific becomes clear. Regional allies can pressure China to engage in a U.S.-China diplomatic process focused on developing regional TCBMs in which both competitors partake. This should be a long-term objective, but requires a dialogue that both sides have thus far have been unable or unwilling to begin.

Given these dynamics, starting a U.S.-China arms control process can help address China's expanding military power and a worsening U.S. military edge to avoid inadvertent war or costly, unnecessary military buildups. In the past several years, China has refused to open the door to mutual restraint with the United States. It is unclear today what role arms control plays in a U.S. strategy toward China, and whether there are particular Chinese capabilities and policies that the United States believes are important to constrain or have greater transparency into. To develop this agenda successfully, the United States needs to:

- Overcome China's historical unwillingness to engage in strategic arms control or demonstrate transparency into its strategic weapons (this requires increasing Beijing's



- confidence that this transparency is not for exploitation by the U.S. military, but to promote mutual predictability);
- Express openness regarding U.S. intentions and reactions to Chinese actions; and,
- Consider U.S. policies, capabilities, and military actions that directly motivate Chinese officials' interest in a less restrained nuclear doctrine and posture.

I will close with some specific policy recommendations for the Commission, which may provide a basis for Congress to act and encourage executive action.

### ***Key Recommendations:***

There continues to be a low likelihood of Chinese interest in arms control with the United States. However, the potential exists for U.S. and Russian actions after the demise of the INF Treaty to motivate a reaction from Beijing that creates unfavorable dynamics for the United States and allies in the Asia-Pacific. The United States should explore potential cooperative security mechanisms with China to promote regional stability. A few examples are below:

Lower the risk of any conflict: Minor crisis management, incident avoidance, open communications and similar measures can mitigate the inherent risks of U.S. and Chinese forces operating in close proximity, reduce the chance of conflict, and the chance that a conflict escalates to a nuclear exchange. The U.S.-USSR Incidents at Sea Agreement is good example, as is the 1987 Nuclear Risk Reduction Centers agreement. Congress may be able to support military-to-military communications of this kind.

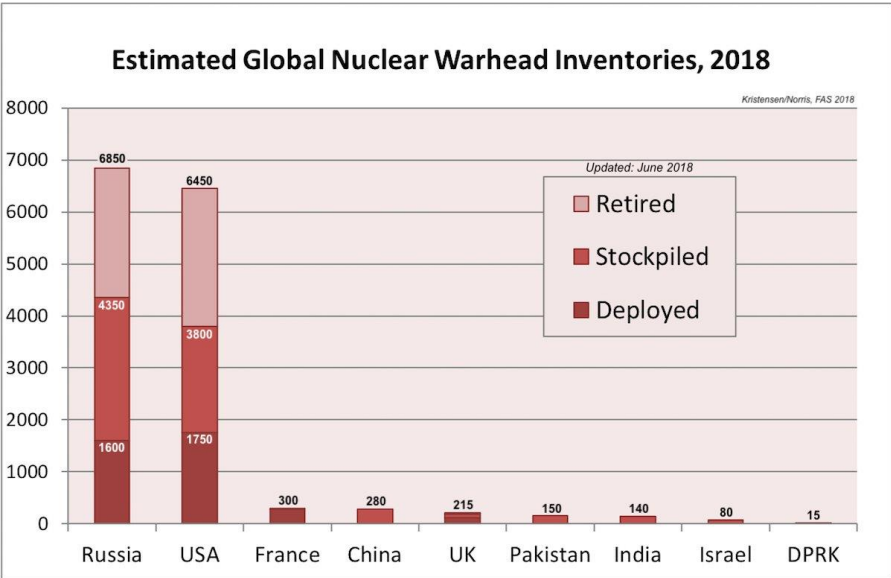
Develop joint understandings on the regional drivers of heightened U.S. and allied military forces: Beijing reacted very strongly to the U.S. THAAD deployment in South Korea, a defensive system intended to address the North Korean missile threat. While some of this reaction was assuredly for domestic purposes, it displays an area of mutual interest in resolving the DPRK threat to permit an eventual reduction in U.S. and allied forces in the region. U.S.-China cooperation to address non-China regional security problems benefits both parties; supporting further study for U.S.-China cooperation on mutual regional security issues is useful.

Energize a focused, bilateral strategic dialogue: The United States and China should discuss the policies and capabilities of each country that heighten the risk of conflict or prevent effective management of escalation in a conflict. Understanding how each side views emerging areas of concern, such as nuclear competition, advanced conventional strike, space, cyber, and missile defenses, attendant signaling and how one country may respond to the other after a provocation or limited attack, are all important topics to discuss. A critical element U.S.-Soviet and U.S.-Russian strategic dialogues has been the need to preserve an arms control and strategic stability discussion regardless of the state of the broader political relationship. The same walls should be built around a U.S.-China strategic dialogue. Such a dialogue can also serve China's security interests, safeguard stability, and ease motivations Beijing may have to abandon its restrained nuclear policies. Expressing support for a strategic dialogue may create the necessary political space for the Executive Branch to prioritize this in its existing China policy framework.



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Table 1



Federation of American Scientists. Status of World Nuclear Forces, Estimated Global Nuclear Warhead Inventories, 2018.<sup>19</sup>

## PANEL II QUESTION AND ANSWER

COMMISSIONER KAMPHAUSEN: Thank you all very much for your wonderful testimony. Before I turn to my fellow Commissioners to ask questions starting with Senator Goodwin, Dr. Blank, returning to my question before: are there friction points in the Sino-Russian defense relationship?

DR. BLANK: I have not yet seen friction in the defense relationship. If we were talking about 10 years ago, as Dr. -- I made you a doctor -- Mr. Vaddi said, you would have seen them. They were all over the Russian military press in 2009 and 2010.

Since then they have disappeared. Now, they may have been suppressed and are awaiting an opportunity, but at the level of what we can see and hear, right now we have not yet seen the limits in the defense relationship.

I would agree that there are points of friction in economics in regard to, perhaps, Central Asia and Chinese investment in the Russian Far East, but in terms of the military, no. I don't see that at the present time.

That doesn't mean it can't happen in the future, but for the foreseeable future, I don't see any friction in that sphere of the relationship. Quite the opposite; I think the military, both the Chinese and the Russian, are the boosters of this alliance, and I really do believe it is an alliance.

COMMISSIONER KAMPHAUSEN: Thank you. That's very clear. When I get to my turn to ask questions, I'll return to this question because there's obvious implications for an unconstrained and frictionless defense relationship. We'll come back to that. But first, Senator Goodwin.

COMMISSIONER GOODWIN: Thank you, and at the risk of drawing ire from the Chair, I'm going to ask a Panel I-oriented question to you folks today.

As you know in our first panel we explored some of the drivers and contours of this relationship of cooperation between Russia and China, and towards the end of our discussion there was some extended back-and-forth between what some of the primary drivers were and the assertion that weakness among the United States and her allies has been one of the things that's really encouraged this level of cooperation between Russia and China.

I wonder, and would like to get the thoughts of this group, as to whether the exact opposite is true. Dr. Wilson, as you alluded to in some of your written remarks, is it instead, if not inevitable, entirely reasonable that the structural outcome of the Cold War would lead and foster this relationship?

Following the Cold War, with the United States left as sole superpower and NATO expansion, should we be surprised that Russia would turn to the East, and should we be surprised that it took this long?

DR. WILSON: Do you want me to answer? I agree a hundred percent that this relationship is, to a significant degree, a structural outcome of the Cold War. As I also said in my paper, I think that the decision to enlarge NATO and then the subsequent controversies about NATO, not just in the Baltics but in Georgia and Ukraine, has been an important factor in Russia's increasing animosity towards the United States.

It was an interesting question to me this morning, the panel talking about American weakness, and I have to confess that I don't have much to add to that, because we don't know what Putin and Xi Jinping talk about when they get together. Maybe that's their main point of conversation.

But if you read the joint statements that they release upon their annual meeting of the

presidents, which I do, carefully, it's not a topic of emphasis in the joint statements, really, which is not to say it's not a fact, but in terms of the evidence, where is the evidence?

COMMISSIONER GOODWIN: Gentlemen?

DR. BLANK: Well, it certainly is a structural outcome of the end of the Cold War, because we already see in 1992 that China is becoming a priority for Russia. The relationship has evolved since that point, very much along the lines of ideological and strategic consensus against American values and American power and policy, likely expansion of NATO. I'd also talk about the war in Kosovo in 1999, which certainly did not endear us to Moscow or Beijing.

As a result of that, we see an evolution from friendship to partnership to alliance. Now, it's not strictly an ascending alliance. It's an up-and-down affair, depending on Russia's and China's relationships with the United States at any given point. For example, in 2009 and '10 when you had the reset at its height, we had all this in the Russian press about the possibility of a China threat.

Nonetheless, there is a basic long-term evolution in the direction, I would argue, of an alliance that is based on identity, ideology, as well as geopolitics and strategy, and it is a result of the fact of the end of the Cold War, because China also, after 1992, is ready for restoring relations with Russia.

That process had even begun as Brezhnev's last initiative in '82, and it continues under Gorbachev, and accelerates under Yeltsin after some initial uncertainty in '91 and '92. But under Yeltsin by '97 they're signing very extensive communiques with each other, and it keeps going from there.

MR. VADDI: I'll just briefly offer that, from my narrow perspective, you can see that Russia and China, over time, have come to adopt similar defensive strategies against U.S. power, whether it's U.S. air power or sea power. They have designed strategies in similar ways to keep the United States as far away as possible from their borders.

Obviously, Europe and Asia are very different, but the lanes of comparison there between Chinese and Russian strategies also lead to some ability to share technology, to have similar arms sales and developments, and as we've seen in the case of Russia, Russia has taken the opportunity to dismantle the types of regional arms control agreements that were put into place to create a security architecture in Europe. A lot of those things never existed in Asia to begin with. Thank you.

COMMISSIONER GOODWIN: And just, with indulgence of the Chair, just follow up on that last point. How much has Chinese innovation in weapons manufacturing pushed the Russians to engage more here in recent years in terms of sales?

There was some suggestion that we have a narrow window to capitalize on our ability to sell anything, because in another five to 10 years that market will be gone, because their capabilities will have gotten to a point where they will not need to buy from us. Is there any merit to that?

DR. BLANK: This is what Russian analysts themselves have said. Particularly Alexander Gabuev has written about this, and it's quoted in my paper.

We've reached a point now where actually the Russians have begun to buy Chinese weapons. There have been cases reported in the Russian press where they had actually bought something, quote, made in China, end of quote. This was unthinkable 25 years ago, and it's a sign of Chinese progress.

But it's also that the Chinese need less and less Russian technology. There's certain areas where their capabilities are problematic: high-performance aircraft engines, for example. Most

analysts agree about that. But the Chinese have the biggest ship-building industry in the world; they're making really excellent ships now. Their submarines are becoming more and more capable and quieter and so forth.

While they have joint productions with the Russians on the Lada-class, one expects them to move forward. They are able to make their nuclear weapons without any assistance, and if they wanted to, they could produce lots and lots of them.

So we see, again, relatively ascending curve of Chinese capabilities. They are competing with Russians in arms sales markets in peripheral third-country markets. The Russians are being hurt by the sanctions, which is cutting into their arms sales, and the Chinese, when they come to the Russians, want ever-higher technical capabilities. So I think that your question is on point.

COMMISSIONER GOODWIN: Thank you.

COMMISSIONER KAMPHAUSEN: Thank you. Let me turn to Commissioner McDevitt.

COMMISSIONER MCDEVITT: Thank you; again, three excellent presentations. I enjoyed all of them. I have a question for Dr. Blank and then a question for Mr. Vaddi.

Dr. Blank, you've been quite explicit about calling the relationship an alliance, but when I think about an alliance, one of the characteristics of an alliance is a mutuality of obligation. Perhaps you could explain what the mutuality of obligation between Russia and China is. And Dr. Wilson, I would be happy to have your views on that too.

Then for Dr. Blank another specific question. I love the comment that China is not a threat, dot, dot, dot, not until 2030. So 2030 is just around the corner. So the Russians are saying, not until 2030. Do they really believe that? And if they do, when does the cornucopia of weapons sales suddenly start to dry up?

Mr. Vaddi, I may have missed it, and I apologize. Did you speak to, or could you speak to, Russian views on the wisdom of getting China involved in formal arms control agreements?

DR. WILSON: Yes, I'll go first. I'm not nearly as convinced of the alliance argument as Dr. Blank is. I think it's an interesting way of looking at it in terms of mutuality of obligations, and when I look at mutuality of obligations, I don't see a great deal of overlap of mutuality of obligations between China and Russia.

As I mentioned, China has not supported Russia. It's toed the line very carefully on the situation in Ukraine. It's very hesitant; it didn't support UN votes on the condemnation of the separatist movement in Ukraine. It didn't support the -- Georgia. It hasn't extended diplomatic relations with Abkhazia or South Ossetia.

In their turn, the Russians are very careful about the South China Sea. That's an area that they don't want much to do with, and they're equally careful, if not more careful, on Taiwan. So in terms of the hot topic issues of both of them, neither one has been overly anxious to get on board.

DR. BLANK: Let me quote you Foreign Minister Lavrov speaking in 2014 for Russia, because Russia is the party that keeps talking about the alliance. Quote, if we talk about alliances, not in the old sense of the word, not in the sense of tough bloc discipline, when NATO was against the Warsaw Pact everyone knew that this part of the negotiating table would raise their hands, and this part would vote against it. Today such alliance discipline looks humiliating to states -- this means Russia and China -- that preach democracy, pluralism of thought, and so on. Other types of alliances, flexible network alliances, are much more in demand today.

Also in the paper I reference a Chinese study which says, actually, our relationship is better than an alliance. We have all of the benefits and none of the constraints, which mutuality

of obligations is that.

But there are Russian analysts who argue, and Vassily Kashin is one of them, that if you look at the Russia-Chinese treaty of 2001, it implies -- I believe Article 9 -- a mutuality of obligation in the case of a crisis.

So I use the term alliance with the understanding that we're talking about what Lavrov says: network alliances. If somebody's model, or your model, of alliance is strict allied discipline like NATO and the Warsaw Pact or the alliance structure before World War I, where you had the Triple Entente and the Triple Alliance against each other and nobody could move, then that's not the case.

But what we have today, I think, is very much an alliance of our times. If you want to call it a network alliance, fine. But I do think it is an alliance.

Now, the other question as far as 2030, most governments don't have a capacity to think 15 years out into the future and make their policy about what's going to happen then. If the inter-agency review that Gabuev references took place, and they thought, we have a window of about 15 years to sell weapons to China before that market closes, then they would try very hard to sell as much as they can in that period.

After all, there's a famous line by Harold Wilson that, a week is a long time in British politics. It's the same everywhere else, and 15 years is a very long time, especially, and as I believe, is there's a lot of money going under the table from the Chinese side to Russian elites who not only have a normative and strategic, but therefore a pecuniary and material interest, in keeping this relationship going.

Now, arms sales is a great place to launder money, if you want to do so, in order to build networks or a community of interest. So I think that's the case. When 2030 gets closer, they may revisit the question. It's also a question of who will be ruling Russia and China then, because as long as Putin and Xi are there, I think their community of interest is so strong that we're not going to see a fundamental change, all things being equal.

MR. VADDI: Thank you for your question. So as far as Russia's views on getting China involved in formal arms control, it's a question in my mind as to whether this is sincere or insincere, which is, I guess, commonplace when reading Russian statements in the press.

Foreign Minister Lavrov very recently, I believe this week, noted that bilateral arms control was dead with the United States, and arms control needed to be multilateralized.

It's unclear to me how much it is that that's a precondition to having actual arms control discussions with the United States if Russia politically is not interested in doing so right now, and also sees that the United States is not interested in doing so right now. That's sort of on the insincere front.

On the sincere front as I noted in my testimony, Russia did express concerns about these states which possessed medium-range or intermediate-range missiles along its periphery, including China, and similar to the U.S. effort to ask China to join the INF Treaty, I don't think just China joining the INF Treaty would have been enough to keep Russia in the INF Treaty, because India, Pakistan, and other countries have these missiles as well, so it's unrealistic to expect the INF Treaty could be expanded in that way.

COMMISSIONER KAMPHAUSEN: Let's turn to Chair Bartholomew.

CHAIRMAN BARTHOLOMEW: Thanks very much. Welcome back, Dr. Blank, and I'd like to note that Dr. Wilson and Mr. Vaddi are both new witnesses before the Commission, so we really appreciate you all coming.

I'm curious, and I suppose this is a more rhetorical question, but for those of you who



started your professional careers, academic careers, as Russia experts, did you expect that you would have to be becoming Russia-China experts?

A more serious question, are there any constraints on Russia's military sales to China or China's military sales to Russia? Dr. Blank, you mentioned specifically piracy, and I wonder if there's any concern in Russia about China's IP theft.

Dr. Wilson, you mentioned the tensions about the Sinification of Russia's Far East, and I was just wondering if that's merely a regional concern, or is there a greater concern about that elsewhere in Russia. Is it resonating?

Then I want to ask both of you if you think that while both Russia and China are trying to posture as parties of equals, if Russia runs the risk of becoming a vassal state of China.

DR. BLANK: Chairman Bartholomew, as I mentioned to the staff before the hearing, my undergraduate thesis 48 years ago was on the Sino-Soviet split, so I've been doing this a long time.

The limits to Russian and, for that matter, Chinese arms sales, is a subject which I really do not know well at all. The limits to Russian arms sales presumably have the same kinds of limits that we would see in the United States where the most sophisticated, newest models normally do not get sold.

However, it remains to be seen what those limits are in practice because right now there are no new arms sales projects that have been discussed publicly. I think the last one was 2016. Presumably, they are private discussions which do not get publicized between the parties as to what technologies either wants to buy or either wants to sell.

But we can see certain ways in which the Chinese have had leverage on Russia. They got the S-400 before India did. Now, that never was the case before. It was always India who got the better models; no longer.

So presumably there is something stirring here, and if there is a new, major technology to be sold, then we will know about that and see what that confirms. But Russians are selling what is available to China at the top of the line, not at lower rungs of capability, and the Chinese know what those systems are, want those, and are able to get them. So this is a sign of Chinese leverage on the Russian policy process, both in terms of the domestic and foreign policy side of the arms sales business.

And your other question was --

CHAIRMAN BARTHOLOMEW: I think I'll ask Dr. Wilson to talk about if there are any concerns about the Sinification of the Russian Far East, and then for all of you, if you would speculate as to whether Russia runs a risk of becoming China's vassal state.

Dr. Blank, let's wait until Dr. Wilson has had a chance, and then Mr. Vaddi, if you had anything to add.

DR. WILSON: Well, to begin with on the Russia-China business, I actually started out as a China expert.

(Laughter.)

DR. WILSON: But when I went to Wheaton College, which is small liberal arts college, they told me I was going to teach about the Soviet Union. So then I applied for an IREX Fellowship to do a comparative study of Soviet-Chinese industrial management. You can imagine how relevant that was.

(Laughter.)

DR. WILSON: So after the collapse of the Soviet Union, I had to find something to do that wouldn't be a waste of my time and all my energies and efforts to learn Russian, et cetera,

and there was the Russian-Chinese relationship. So that's my story.

The concern about the Russian Far East is greatest in the Russian Far East and in Siberia, but it's the sort of xenophobia about colonization extends throughout the whole country. The political elites in media in particular talk about this.

People that have never gone to the Russian Far East talk about millions of Chinese there, that it's being overthrown. Common sense tells you that this isn't the case. If you actually went to look at the city of Vladivostok or something, how many Chinese faces are there?

But the estimates are, which I have in my testimony, there's about 400,000- to 500,000 Chinese in Russia, and most of them are in western Russia, not in the Russian Far East. The largest concentration of Chinese is in Moscow. There are Chinese settlements and neighborhoods in Moscow.

However, what I've been struck with -- I'm not a specialist in China-Russia and the Russian Far East, but where I think there's an interesting dynamic is that the Chinese are increasingly engaged in agricultural production in the region. There's a statistic that up to 80 percent of the farming in the Jewish Autonomous Oblast is done by Chinese or in some sort of Chinese joint venture or something like that.

Do I think that Russia could become a vassal state of China? Yes, definitely. To me, the biggest determinant in this relationship is this inequality. Either you come out with the idea that Putin is willing to be unequal, and Russia's not willing to be unequal, it's true, he made this one comment. But I have a hard time imagining that the Russians are willingly going to embrace the status as the underdog.

CHAIRMAN BARTHOLOMEW: Mr. Vaddi, can you add to that?

MR. VADDI: I only know it, again, from the arms control perspective that the people that I work with, my experience has all been in U.S.-Russia strategic arms control. Not surprisingly, given China's reluctance to participate in arms control, there isn't a huge group of U.S.-China arms control experts out there.

Obviously, this panel gives reason for me to start looking into that more, but I think to the extent that we see cooperation in the arms control front with Russia slowing down or ceasing, there's an opportunity here to approach China as a peer-to-peer relationship where, by and large, through the Cold War, the U.S. and Soviet Union approached each other as equal partners in their arms control approach.

Now it's an open question as to whether it's time to treat China in that way and let Russia fall into a more minor status when it comes to arms control.

COMMISSIONER KAMPHAUSEN: Thank you. Before we turn to Commissioner Wessel, a brief intervention from Admiral --

COMMISSIONER MCDEVITT: I just has a question for Dr. Wilson or Blank. This business of Russian equality; doesn't the possession of between 1,500 and 2,000 nuclear weapons level the table in terms of equality?

DR. WILSON: This is not my area, but I think that's what the Russians do think. My feeling about this is that, for Russia, it's incredibly important to be considered a power, a great power. Then we can get into long discussions about what is power, and how you define power, what does it mean, et cetera, et cetera.

But I think that it's Russia's biggest stake in describing itself as an equal is obviously through the military component. But when you get into the economics, there's no way of doing it. When you get into innovation, Russia is lagging behind.

I think the way in which the Russian economy has been organized really as a petro-state

also is detrimental to economic reform and economic innovation.

COMMISSIONER KAMPHAUSEN: Thank you. Let's turn to Commissioner Wessel.

COMMISSIONER WESSEL: Thank you all. Trying to stick with the theme of the panel and understand its implications and following up on the comments that just occurred, it seems to me that when one looks at certain new technologies in the arms area, hypersonics, UUVs, UAVs, AI, all those applications, that China is making major inroads: anti-ballistic missiles, et cetera.

To me that, in part, if I'm Russia, I feel like a more junior partner, a weakening partner in terms of the overall relationship. Can you tell me whether in fact I'm right about the differences in those technologies, number one.

Number two, and Mr. Vaddi, help me on the short-term trajectory, if you will, on arms control. What do you see happening now or in the next two to five years? It seems to me that with comments about multilateralism as well as the current political climate here, we're in for a rocky road in the short term, and I don't know how long the short term is.

Dr. Blank, do you want to answer the technology issue?

DR. BLANK: I'll try to address that as well as the issue of vassalage. I do agree with Dr. Wilson. I think we already see signs of Russia's -- I don't know what the right word is here, but the tendency towards becoming the satellite to a client state of China. As I said, I don't know the right word here.

As far as the technology, I don't have the technological sophistication to be able to distinguish between the capabilities of Russian hypersonics and AI and so forth, and the Chinese. What is clear is that both of them are moving as fast as they can to invest in those capabilities. There's some people who actually believe they've stolen a march on us. Whether that's accurate or not, I don't know.

But it would not surprise me if there is collaboration and discussions behind closed doors among their militaries and among their technologists on this. So that's a question that I think cries out for investigation by people who have the technological skill, as well as the understanding of the political systems.

But there's no doubt in my mind that Russia is already in danger of becoming a tributary state or whatever to China, if you want to use that analogy. We see that in terms of Asian security policy and economics.

Russia depends more on China than China depends on Russia, and the Chinese are exploiting that. Moreover, I would argue with great power behavior, as Dr. Wilson said, Russia is obsessed -- not too strong a word -- with being seen as a great power. It has to tell itself that it's a great power and tell China.

One of the reasons for the aggressiveness we have seen in Russian foreign policy since Putin came back in 2012, especially since Crimea, is that the Russian government has to prove to China that it is a great power and act aggressively in order to show China that, a) it's a great power; and b) that it's worthy of an alliance with China, and therefore, the Chinese will continue to invest in Russia's great power capabilities.

I suspect that if the Chinese were not to invest in Russia, pull back everything, that we'd see a lot less aggressive behavior by Russia in world politics, because they could not afford to do it.

COMMISSIONER WESSEL: Mr. Vaddi?

MR. VADDI: Thank you for your question. In terms of the short-term trajectory on arms control, whether it's with Russia or China, we're in a flow state as far as ebb and flow goes.

I don't see out there an obvious agreement that would come to next. I think the debate

around the question of extending the New START treaty will be a key indicator as to where, politically, Washington is on arms control moving forward.

It's really hard to see what's next with the sort of high-technology comments that you made. It's important to know that the treaties that we have had in force by and large with Russia are all from an age in which we were really controlling a limited number of weapons capabilities, all missiles of various ranges that could deliver a nuclear weapon.

Things are very much more widespread today. Technology is very diffuse; there are technologies that have never been constrained before. I think the United States military doesn't actually know exactly how it would use all of these various technologies in a war plan, for example, or in a conflict scenario.

So I think, until you understand those things and how other countries would do the same in their own war plans, it's hard to construct an arms control agreement that follows new START.

That being said, I think a way in which to look at that problem, what is the future of arms control, which I know a lot of people are spending time doing these days, it's good to go back to first principles of why arms control as a tool can be used in a bigger strategy.

That includes what incentives are there for a country to go to war? What incentives are there for a country to inadvertently escalate a war? What are ways in which we may misunderstand each other that could lead to war? Those are all questions that first ought to be answered with this new technology paradigm in military conflict before we can really see what agreement there is out there.

COMMISSIONER WESSEL: Quick question: In terms of an accelerating debate about no first use, it seems to me that we're in an assessment period that we have no capability to answer that question. We first have to understand what our trajectory is going to be and how we want to engage before we get to the questions of the doctrinal approaches. Is that correct?

MR. VADDI: I think it's fair to say that, specifically with no first use -- and I've seen the messaging legislation that's come out recently -- I think the last two Nuclear Posture Review processes both ended up in a similar place. I trust that that process, should it occur again in the future, will similarly look at the possibility of no first use.

A question in my mind as far as challenges to no first use has always been, what are allies saying about it, and if managing these alliance structures is really the asymmetric advantage the United States needs to preserve long term, how do you account for a potential hesitancy to a no first use declaration? It's a challenge; it doesn't mean it can't be solved.

Secondly, no first use is primarily a way to signal to our adversaries what our nuclear doctrine is. Do our adversaries believe us or not? What the U.S. nuclear posture is, what their actual nuclear capabilities are, speaks as much to what our adversaries believe as well as the policy statements we may make.

COMMISSIONER KAMPHAUSEN: Thank you, Mr. Vaddi. Let's turn to Vice Chair Cleveland.

VICE CHAIRMAN CLEVELAND: I am rarely provoked to comment in hearings, usually just to put my questions. But I have to say in response to Dr. Blank and Dr. Wilson on Kosovo and Ukraine and Georgia's admission to -- the war in Kosovo and then the antagonism to Russia and China and the admission of Ukraine and Georgia to NATO, I think we finally did the right thing in Kosovo. It took us too long. I have felt all along that admitting Ukraine and Georgia to NATO is a critical counterbalance to Russia. But that's not what today's about.

I want to summarize what I've heard you say about the nature of the relationship, whether

we call it an alliance or not and make sure I understand it. Dr. Blank, I heard you say that identity, ideology, and strategic interests formed an alliance, was the basis for the alliance, and I think the identity, ideology is a key piece.

Mr. Vaddi, I heard you say that it's partners of convenience in part as a foil to the U.S., and Dr. Wilson, in your written testimony you talked about the relationship with the UN, but I see what you described as congruent but not overlapping interests as a broader definition of what the relationship is. Does that sound right in terms of how you characterize what the relationship looks like?

It strikes me that -- and I think it was Dr. Wilson -- you mentioned Mike Mandelbaum. He said in the '80s that the relationship with the U.S. and Soviet Union was one in which war was unthinkable but peace unattainable, and that sort of characterized the relationship. I think that is kind of an umbrella for what you all have characterized.

So now I want to turn to a more granular issue. What have we learned about joint operations in terms of the Russia-China relationship? What do we know? They had exercises in 2005, '09, '10, and then the major Vostok exercise.

What have we learned about planning, interoperability? Has there been any evidence of holding back in terms of equipment use or their command and control structure? Just sort of a broad question.

And if you disagree with my earlier characterization I welcome comment on that, but I'm really interested in this question of joint exercises. Thank you.

DR. BLANK: No, I do not disagree. What we were saying is that from the Russian point of view, these were offensive in both senses of the word, the policies of the United States.

VICE CHAIRMAN CLEVELAND: Good.

DR. BLANK: Be that as it may, whether or not you think it was in the United States' interest, and I do, as a point of fact, Georgia and Ukraine are not getting into NATO any time soon, regardless of what the U.S. may want, because there's just too much opposition to that.

But as far as these Sino-Russian capabilities, they do not tell us what they have learned. What we learn is what we can see through intelligence surveillance and reconnaissance and whatever is discussed open source.

So what we see is that they are increasingly interoperable, although still at a relatively low level, both on land and at sea. There are strong signs of extensive military-to-military discussions. We don't know what's going on in those discussions, but the structure for them is great. Thirty-six hundred Chinese students have studied over the recent past in Russian military institutions, so they have a formidable human capital invested in this.

There are signs of shared command and control coming out of Vostok 2018, most of which are probably classified, so I can't discuss them, and signs that they are looking at interoperability. After all, that's one of the consequences of arms sales, because you can use similar equipment.

But they are notably untransparent militaries. They are not going to tell us what they have learned directly. We have to tease it out of the evidence, and the evidence is not great. But I have no doubt that we see a rising curve of interoperability, coordination, particularly in command and control.

For example, in 2017 they did a missile and air defense [exercise]. If you do a missile and air defense exercise, you are putting your cards on the table with regard to a lot of command and control, intelligence, surveillance, and reconnaissance. So presumably there has been a fair amount of sharing in regard to that.



Most of the people who have written about that speculated, because we don't have certainty, that this was in regard to the threat of an American attack on North Korea, where both sides would feel vital equities are at stake. If that's the case, then there is obviously a substantive -- although we don't know how great -- body of shared lessons and dialogue leading to those kinds of issues which needs to be investigated further, and probably cannot be discussed in open session to a great degree.

MR. VADDI: I'll only add that I've seen no evidence, whether it's Vostok or previous exercises, that Russia and China are in any way exercising any sort of coordination as far as nuclear command and control goes.

Both have integrated nuclear and conventional planning. Both obviously have dual capable systems as well. I know that Russia has exercised dual capable systems like short-range missiles and now what will be an intermediate-range missile in the future.

They obviously have a common interest in neutralizing what they view as a U.S. strategy to attack them, which has led to, as Dr. Blank referred to, a commonality in terms of their air defense approach, commonality in terms of a long-range, ground-based strike capability, whether it's anti-ship or anti-land.

I'll only offer those remarks in terms of coordination, but as far as it gets into the strategic nuclear space, I haven't seen that.

VICE CHAIRMAN CLEVELAND: Thank you.

COMMISSIONER KAMPHAUSEN: Let's turn to Commissioner Lee.

COMMISSIONER LEE: Thank you very much, Roy, and many thanks to the Panel, both for your written testimony, for what you've said here today, and for the conversation so far.

I wanted to make one little point about the China-Russia alliance, which is that my mother's family came from Russia and Poland. My father's family came from China, so I am a made-in-America Chinese-Russian alliance, with all the good and the bad that comes with that.

(Laughter.)

COMMISSIONER LEE: So it's interesting, this panel compared to the last panel. The first panel was about the shared interests between China and Russia, and this panel was more on some of the conflicts or the obstacles to alliance. Yet it seemed to me that both panels came up with pretty pessimistic views in terms of what the implications are for the United States on both fronts, and I think, Dr. Wilson, you said that even to the extent that there is conflict or tension between China and Russia in some ways, it doesn't allow a lot of opportunity for the United States to take advantage of that. In fact, it creates more danger and more insecurity in a lot of ways. I can see how that goes also with the arms control issue.

I wanted to ask each of you to expand a little bit on the policy recommendations that you include in your written testimony, because obviously, that's one of the areas that we struggle with. What does it mean for us, and what can we do differently?

Maybe if you all could even think about, to the extent that there's more study needed, because I found some of the policy recommendations a little bit not that satisfying in terms of what was there.

Mr. Vaddi, you talk about more dialogue and we can avoid more conflict. Dr. Wilson, you talk about stepping back from the trade war, downgrading our democracy promotion, which to me sounds a little bit like giving up. We just stop saying the things that people don't want to hear or lower the rhetorical tone.

So I want to press you after this conversation to the extent that you were able, the morning discussion as well. What can and should we do, given this very unstable set of affairs?



Thanks.

DR. WILSON: I enjoyed writing this paper a lot, until I got to the policy recommendations.

(Laughter.)

DR. WILSON: Then I struggled, and I don't think my policy recommendations are particularly astute.

I do think, though, the one thing is that the United States needs to identify its own interest, first and foremost, before it can begin to issue policy recommendations one way or the other.

My sense from the morning session is more or less, we have to be tough with China. How did Professor Sutter say it? He said that the trade war and the way that the Trump Administration was doing it was a powerful message.

But then I was sitting there thinking, well, what does it mean, willingness to use our power? What are we going to do with that? Is that a military response? Is that an economic response? How much more can you sanction in terms of the tariffs at this point? At this point, it looks like they're pretty much all of them.

I do think at the present time the state, at least, of the Russian-American relationship is really dismal, and I can see that there are some possibilities, although here I'm also going to be very vague, for improving the Chinese-American relationship probably to a greater extent than improving the Russian one.

But I don't see a great deal of potential for driving a wedge between the two, and I don't think was a particularly on-point answer.

DR. BLANK: In my paper I outline a series of recommendations, and as you will see, if you already saw, I am extremely critical of the current Administration's policies in many respects because I think it's doing a lot of things that are contraindicated.

First of all, though, as Dr. Wilson said, we need to have a fundamental strategic review of what are American interests capabilities and the best ways to match those capabilities to those objectives.

Fifteen years ago when I worked at the Army War College, we published a paper then saying that the inter-agency and national security policy process was broken. That was under George W. Bush. So this is a bipartisan problem.

I think it's gotten worse over the years. I think we have also now in an Administration that is really quite deficient in strategic coherence and coordination. Even though they are doing a lot of things towards Russia that might be desirable, it's still uncoordinated and connected to attacks on allies.

For example, sanctioning our allies in Europe on the one hand and demanding that they pay more for NATO on the other is not going to work. What we need to do is strengthen the alliances in both areas, find ways to get our allies both in Asia and in Europe to contribute more to their own defense as well as our contribution, continue to keep that contribution up to speed, and modernize our own policy process.

I said in my testimony, it's a whole-of-government challenge. We've got a whole-of-government response. Let me give you one quick indicator. We are under attack on information warfare. Everybody knows it. It's no secret. Yet the budget that was sent up the other day by the Administration cuts Radio Free Europe in several areas.

There's no information warfare capability greater than Radio Free Europe and VOA in terms of getting the American narrative out to people and telling them the truth, yet we're cutting

their budgets. Why? It doesn't make sense.

Why are we launching trade wars against India? It doesn't make sense. Why are we trying to antagonize South Korea and charge it even more for the alliance and vilify them? It doesn't make sense.

What is exactly the Administration's policy towards China? On the one hand, Acting Secretary Shanahan gets up on China, China is the enemy. On the other, we're making trade deals, or we think we're close to a trade deal, which is not really answering the question of stopping the technology transfer to China, which is the key to Chinese capabilities in the future.

COMMISSIONER KAMPHAUSEN: Dr. Blank, if I can ask you to conclude your statement.

DR. BLANK: Okay. So there's a whole series of responses that need to be made here, both towards Russia and China involving European and Asian security. We have no answer for the BRI, but we are opposed to it.

What are we doing in Central Asia? Why do we say we want to pull out of Afghanistan and then leave Central Asia holding the bag? I wrote an article earlier last year saying that they actually were conducting a modestly successful policy towards Central Asia, and then the Administration pulled the rug out from under me, and from that matter from the Central Asian states. So the problem starts here.

COMMISSIONER KAMPHAUSEN: Got it. Mr. Vaddi?

MR. VADDI: Thank you. Briefly, my colleagues have made this point, and I'll make it again: we have to identify in the arms control space, whether it's with China or with Russia at this point, what do we actually want?

I don't know what we want from either country at this point. For China, for example, if it's a complaint about the large and intermediate-range ballistic and cruise missile force they have that is ground-based, what is a counter to that, since the United States does not have that?

Now, I'm not advocating for the United States to get 1,800 intermediate-range ground-based missiles. I think we need to be thinking about why China sees the need to possess those missiles, and what the United States is willing to give up to address that, if that is the true security threat we want to address through an arms control dialogue?

I think beyond that we should note that China, as I mentioned in my testimony, has spent a very long time keeping a relatively small strategic nuclear arsenal. I don't know think nuclear weapons are central to a future China as a superpower.

I don't think they have the same Russian grasp of nuclear weapons as being key to their own superpower status, and I don't think we should motivate China to try to race to reach strategic parity. I don't think that's in the United States' national security interests.

So making sure that we're not doing things that drive China to rethink their nuclear doctrine and take a more aggressive posture at this time is important, while as Dr. Blank referred to, we need to make sure that allies are strong, both politically and militarily, and aligned with the United States, and that is going to be key to any sort of successful, sustainable, competitive strategy with China.

COMMISSIONER KAMPHAUSEN: Commissioner Lewis?

COMMISSIONER LEWIS: Are there any indications that either Russia or China wants their alliance to be more militarily involved with each other, and is one pushing it and one resisting it? That's one question.

The other is, if Russia and China's leaders think that our fractured alliances with France, Germany, and England are in their interest, are they working together to do something to make

that worse?

DR. WILSON: Just briefly, I can't speak to the technology part, but I think the Chinese are working to coordinate their activities to a greater extent, or maybe coordinate isn't the right word, are interested in improving their relationships with Europe as the United States' relationship with Europe has deteriorated.

You can see that, for example. Xi Jinping shows up for the Paris Climate Accords, and he is the star. He is meeting with Angela Merkel, and he's meeting with various leaders, and this is all in the absence of a strong American presence at that meeting.

COMMISSIONER LEWIS: So he's taking actions like that to diminish U.S. relations with Europe?

DR. WILSON: Yes. I think you can make that argument. This idea has been wandering around in my head for a while when people ask me questions. I think it's a point of differentiation, though, between Russia and China that China, under Xi, is attempting to play a premier role on the world stage as a superpower, whereas Russia doesn't have quite those ambitions. Their hope is for regional hegemony, and they don't have the capabilities to do that.

COMMISSIONER LEWIS: Thank you.

DR. BLANK: I would say that, based on what the Russians are saying, they are attempting to strengthen the military dimensions of the alliance with China.

Vostok 2018, the most recent exercise, was a sign of that because they invited China to participate and clearly attempt at least preliminary steps towards integration of command and control were there to be a contingency involving the vital interests of both of them.

What I do see, however, is that they are not only individually trying to split our alliances, whether it's in Asia or Europe, but there are signs of Russian support for Chinese efforts.

For example, I just came across this last night, that Russians are apparently supporting Chinese efforts to invest in the Caucasuses and in Eastern Europe. We certainly see the Russians trying to undermine allied cohesion in Eastern Europe, Nord Stream 2, with a pipeline that's a whole other issue beyond this commission, is a perfect example of that.

But we see Russia using all the instruments of the DIME as the military calls it, diplomacy, information, military and economic power, and China, each in its own way, to undermine the cohesion of American alliances, whether it's with Australia in the Pacific or with Germany in Europe.

COMMISSIONER LEWIS: Do you see either Russia or China resisting a stronger military alliance?

DR. BLANK: Not yet. I see no sign of that. No one is going to go for a formal alliance -

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COMMISSIONER LEWIS: Why not? Why not?

DR. BLANK: As I said, the study that they published two years ago or a year ago said that they have all the benefits of an alliance without any of the negativity, therefore, they're not obligated. There's no mutuality of obligations in case somebody does something stupid or excessively risky.

Second, they both remember alliances as being an unfortunate event. The Sino-Soviet alliance burned into China that maybe alliance with Russia in the formal sense, because that's what they had, is not such a great idea. They regard that period as 26 years of lost opportunity.

What they have now is too good to give up, so if there are problems, if there are tensions, they will work to overcome it, and they don't have to have a piece of paper saying they're allies.

COMMISSIONER LEWIS: That's from China's standpoint. Does Russia feel the same

way?

DR. BLANK: I think they do, because they have never seen them complain about that situation. They want an alliance, but they have never come out and said there has to be a formal alliance, and that we really want that. So I think they have deferred to the Chinese opinion here, and they know they're not going to get that from China, especially given the ascendancy of China in the relationship.

So I don't think you're going to see, quote, the Triple Alliance or Triple Entente or NATO or something like that. But you're going to see what we have now: network alliances, as Lavrov calls them.

COMMISSIONER LEWIS: Thank you very much.

MR. VADDI: I'll just offer an INF example. I think that what you saw happen since October of last year until today is a replay of Brezhnev's attempts in the 1980s to turn European countries against the United States during the Euromissile crisis.

It may not affect leadership in European capitals, especially NATO capitals, but the domestic populations are susceptible to Russian press. Russian press is read there, it is spread around in Eastern Europe especially, and I think the United States' communication strategy as far as communicating its decision on the INF Treaty left an opening for Russia to essentially propagandize the decision and put blame back on the United States, essentially, for the treaty's demise.

The treaty has a long history in Europe and is tied to nuclear weapons in Europe which, for all we say that we are only looking to conventional missiles, and the Russians are saying that they're also going to look into conventional missiles, that isn't necessarily how it's being received by European populations.

You also see this in the way in which Russia complains about the nuclear sharing arrangements in NATO. So U.S. nuclear weapons in basing countries, those basing countries are targeted by Russia, especially their domestic population, which aren't necessarily happy that they're hosting nuclear weapons in the same way in which this has occurred in the '80s, which is preying on domestic populations to turn them against the United States which has a nuclear deterrence commitment to NATO.

COMMISSIONER KAMPHAUSEN: Thanks. Let me take the prerogative of the Panel Chair to just ask a final two questions. First, an observation. Unscientific and very episodic, but from two decades ago, spending time on the Russian-Chinese border, it was apparent on the Russian side of the border that the Chinese citizens, a very large majority of them who were on the Russian side of the border, were Chinese citizens but ethnic Korean, coming from the large ethnic Korean population in northeastern China, further complicating the observations about what that means in that cross-border setting.

Two questions, first for Dr. Wilson. Your first recommendation says that we should avoid inviting former republics of the Soviet Union to join NATO, and we've discussed that. Let me flip this to say, what are the implications of a deep Chinese penetration under the Belt and Road Initiative into those very same former republics? What will be the impacts or responses from Russia?

Then for Mr. Vaddi, as was noted earlier, China became a nuclear state in 1964, at the height of its isolation, both from its former ally and from the West. It was a period of greatest strategic vulnerability in China's history, and they chose at that moment to go down a path of having a limited deterrent, and they've maintained that to this day. It strikes me that there's very little that we could do which would change China's fundamental strategic judgments about its

nuclear deterrent.

So let me ask a question then, or ask you to respond to the judgment that China is the net loser for the dissolution of the INF Treaty, both because it now puts into fundamental question its judgments about the value of a limited deterrent, but more specifically, puts at risk its own -- by virtue of non-participation in the treaty -- its own ability to develop the kind of missiles that put at risk its neighbors and American allies and now quite possibly, the U.S. will develop some very similar capabilities that China might find pointed at it.

I'd appreciate your reaction to that assertion, but first to you, Dr. Wilson.

DR. WILSON: I think the population around the border, around Vladivostok, if that's where you were, is ethnic Koreans. So I don't know of any particular implication beyond that, but it's an interesting feature of the relationship. It's controversial whether or not the BRI is going to be successful.

One tends to start off, or at least I tend to start off with the fact that this is a trillion-dollar megaproject, and of course it's going to be wildly successful. It is a, quote, threat to, I think, U.S. national interests.

But assuming it is successful I think the extension of the BRI in Central Asia is already a -- the decision as to where to announce the BRI was in Kazakhstan. It's not by coincidence, but the extension into the Caucuses or into Ukraine or into Belarus is a threat to the Russian-Chinese relationship, and it's a threat to Russia's perceived interests in those areas.

They do have this agreement between the Eurasian Economic Union and the BRI, but it's basically, as far as I can tell, paying a fig leaf to conceal who is the dominant partner there as well.

MR. VADDI: Thanks for your question. I don't know if I would necessarily agree that China is a net loser, mainly because we're not even quarter one yet of post-INF game, and we'll see what the fourth quarter looks like.

As you point out, I think China really did want U.S. and Russia to stay in the treaty because ultimately it means fewer missiles in their neighborhood pointed at Chinese interests.

My concern now, given their production capacity, given their technological knowhow, how is China going to react when the United States and Russia start putting intermediate-range, ground-based missiles, many of which are much higher technology than they were, obviously, 30 years ago when the treaty entered into force; how will China react to these missiles showing up in East Asia?

We already know Russia has deployed Iskander-type short-range missile systems in East Asia. When the United States starts trying to base these in allied countries or potentially bases them in the United States, but has agreements with allied countries to move them forward at a time of crisis, it's unclear to me how China's defensive thinking will change.

That obviously impacts their thinking in terms of their nuclear deterrent and what they may do in terms of modifying their own existing intermediate-range missile force. Thank you.

COMMISSIONER KAMPHAUSEN: Thank you. Well, we have come to an end of this very stimulating panel. Thank you to our panelists and presenters, thank you for your contributions and for answering our many questions.

We're going to be adjourned. Take an hour lunch break and be back at 1:45 p.m. Thank you.

(Whereupon, the above-entitled matter went off the record at 12:41 p.m. and resumed at 1:44 p.m.)

### **PANEL III INTRODUCTION BY CHAIRMAN BARTHOLOMEW**

CHAIRMAN BARTHOLOMEW: Our final panel today will explore current and future Chinese-Russian interaction in Central Asia and Afghanistan, the Middle East, and the Arctic.

Before I introduce our panelists, I want to make sure to thank our staff who worked very hard in putting this hearing together, Ethan Meick, and Alec Blivas. Thank you very much for all of your work on this.

For this panel, we'll begin with Dr. Marlene Laruelle. Dr. Laruelle is the director of the Central Asia Program and associate director of the Institute for European, Russian, and Eurasian Studies at George Washington University. She has a lot of words on her business card.

(Laughter.)

CHAIRMAN BARTHOLOMEW: She also serves as the co-director of PONARS Eurasia, a network of over 125 academics advancing new approaches to research on Russia and Eurasia. She was previously a senior research fellow at the Russian and Eurasian Studies Program at the School of Advanced International Studies at Hopkins and a senior research fellow at the Central Asia-Caucasus Institute and Silk Road Studies Program.

Dr. Laruelle will discuss China and Russia's interactions in Central Asia and Afghanistan.

Next, we will hear from Dr. Andrea Kendall-Taylor. Dr. Kendall-Taylor is a senior fellow and director of the Transatlantic Security Program at the Center for a New American Security.

She previously served as deputy national intelligence officer for Russia and Eurasia at the National Intelligence Council in the Office of the Director of National Intelligence from 2015 to 2018, and was a senior analyst at the CIA, where she worked on Russia and Eurasia, the political dynamics of autocracies and democratic decline. She is also an adjunct professor at Georgetown's School of Foreign Service.

Dr. Kendall-Taylor will testify on how China and Russia interact in the Middle East.

Finally, we will hear from Dr. Rebecca Pincus. Dr. Pincus is an associate professor in the Strategic and Operational Research Department in the Center for Naval War Studies at the U.S. Naval War College, also a very long title on the business card, and a member of the Institute for Future Warfare Studies within the Department.

She previously served as primary investigator at the U.S. Coast Guard Center for Arctic Study and Policy, located at the U.S. Coast Guard Academy. Her research on Arctic security issues has been published in numerous academic journals and online publications.

Dr. Pincus will focus her remarks on China and Russia's interaction in the Arctic.

Thank you all very much for attending. I'm thrilled to see so many talented women working on national security issues.

I'd like to remind you to keep your remarks to seven minutes, so we'll have enough time for the question-and-answer period.

Dr. Laruelle, we'll begin with you.



**OPENING STATEMENT OF MARLENE LARUELLE, PH.D., DIRECTOR OF  
CENTRAL ASIA PROGRAM AND INSTITUTE FOR EUROPEAN, RUSSIAN, AND  
EURASIAN STUDIES, GEORGE WASHINGTON UNIVERSITY**

DR. LARUELLE: Thank you for giving me the opportunity to present here. So, as you know, I was asked to discuss Russia-China interaction in Central Asia and Afghanistan.

The first point I would like to mention is that, of course, both regions are interconnected; it is also important for us to disassociate them because, in Central Asia, Russia and China are really the main actors who can shape what is happening in the region, where in Afghanistan, Russia and China are kind of second-tier actors and they have a quite minor role compared to Pakistan, Iran, and all the Gulf countries.

So, if we look first at Central Asia, clearly, both Russia and China worked and are working hard to make their interests compatible and to avoiding any confrontation. And they do so by an implicit division of labor with Russia dominating the strategic space and China the economic one. There are sometimes tensions around Turkmen gas, around the Eurasian Economic Union, but, globally, the two countries have done a good job of cooperating in Central Asia.

Russia is, of course, following very closely China's inroad in Central Asia, and it has taken notes of China's economic dominance. The only way Russia could react to that was to create the Eurasian Economic Union. And in a sense, it has been a successful move in the sense that it consolidated Russia's control over the Kazakhstani and Kyrgyzstani economies without requiring Russia to compete directly with China's investment in the region, which wouldn't be possible for Russia.

So, what we see now is Moscow acknowledging Chinese economic domination in Central Asia. And I think that if we were to see some tension, that would be possible only if China would decide to invest in the field of military cooperation with Central Asia. And for the moment, we have seen China doing some small gesture to Wakhan in Tajikistan in this field of military cooperation, but China remains very careful on that. So, I think that the division of labor that the two countries have in the region is, in fact, working pretty well with both of them self-constraining themselves not to conflict on what is too sensitive for both of them.

In Afghanistan, both Russia and China cannot really exert relevant leverage on the current negotiation with the Taliban, for example, and they will have to accept the final decision that will be taken without them. So, toward Afghanistan, they are really, in fact, relying on, for China, Pakistan, and for Russia, more on Iran, to see how things will evolve in the region.

Neither Russia nor China really care about the nature of the political regime that will be in place in Kabul. So, they are ready to accept the Taliban-shared government as long as it doesn't try to spread Islamist ideology in Central Asia or in Xinjiang, and it doesn't challenge the economic assets that especially China has been building in Afghanistan.

So, I don't think that, given their quite modest security ambition in Afghanistan, China and Russia could find themselves suddenly competing in Afghanistan. Moscow is now less interested in becoming a very active actor on the Afghan scene compared to what it was in 2000s. So, in a sense, the Chinese small military presence in Afghanistan is not really considered by Russia something strategically threatening. And in a sense, China wanting to protect the Wakhan Corridor from the Islamic State is also serving Russia's interest in securing Tajikistan. So here, also, I think the two countries are finding a way to be either cooperating or just to be neutral, but, clearly, not to challenge each other in Afghanistan.

My last point is about what would happen in the event of a U.S. troop withdrawal from Afghanistan. I think that, in that case, Russia and China will let their main partners, Iran and Pakistan, take the lead on the new configuration and adopt a wait-and-see position, observing how internal Afghan affairs evolve before positioning themselves. Russia will be mostly worried with the possible destabilization of the Central Asia-Afghan border, and China will be mostly focused on being sure that its economic assets in Afghanistan are secure.

I think that, globally, China-Russia coordination in Central Asia is, of course, where they can have the most impact on the region because, as I said, they are first-tier power there, and they face limited competition from other external actors, and especially from the U.S. So, increasing coordination between Moscow and Beijing over Central Asia would diminish the Central Asian states' room to maneuver even more, while we have seen in Uzbekistan the new President Mirziyoyev trying to get more kind of room to maneuver while preserving good relations with Moscow. And since two or three days, the change of the President in Kazakhstan can also suddenly reopen room for initiative.

I think on the case of Afghanistan it's not so important on the U.S. perception, on the U.S. side, to try to really negotiate with Russia and China because there is already so much to kind of negotiate with Iran, Pakistan, and the Gulf countries. Russia and China are really far away, second-tier actor on the Afghan scene.

But what I think in Central Asia, that many things can still be done. We have seen a loss of trust in the U.S. on the part of the Central Asia public opinion and elites, and it will take some time to be rebuilt. But there are many initiatives that could be done and, clearly, everybody in Central Asia among the elites is continuing to see the U.S. as a guarantor of some strategic opportunity, and therefore, through this tool, the U.S. could try to recreate better calibrated policies.

One of them that I regularly mention is to use the C5+1 Initiative to create a Central Asia regional business and trade chamber. The Central Asians are also asking from the U.S. new initiatives on self-power, especially on developing training on applied science and technologies. So, there are several elements where the U.S. could, for quite a cheap strategy, redevelop and recreate its self-power in Central Asia. I think for Afghanistan the things are much more complicated than they are just in another dimension that makes the U.S. room of maneuver more difficult.

And I will stop here, and I thank you for your attention.

**PREPARED STATEMENT OF MARLENE LARUELLE, PH.D., DIRECTOR OF  
CENTRAL ASIA PROGRAM AND INSTITUTE FOR EUROPEAN, RUSSIAN, AND  
EURASIAN STUDIES, GEORGE WASHINGTON UNIVERSITY**

**March 21, 2019**

**Marlene Laruelle**

**Research Professor, Director, Central Asia Program, The George Washington University**

**Testimony before the U.S.-China Economic and Security Review Commission**

**Hearing on “An Emerging China-Russia Axis? Implications for the United States in an Era of Strategic Competition”**

**The Russia-China Relationship in Central Asia and Afghanistan**

Both Moscow and Beijing want stability on their borders to avoid spillovers into their own territories (specifically their respective sensitive regions, the North Caucasus for Russia and Xinjiang for China), as well as to pursue their strategic and economic goals in the neighboring countries of Central Asia and Afghanistan.

Both countries work hard to make their interests in Central Asia compatible and avoid any confrontation; they do so through an implicit division of labor, with Russia dominating the strategic space and China the economic one. There are sometimes tensions around this division—in the 2000s, Russia was worried about China capturing Turkmen gas, while in the 2010s China was unhappy with the launch of the Eurasian Economic Union and today Moscow has some concerns about China’s slow emergence on the security field in Tajikistan—but on the whole the two countries have done a good job of cooperating in Central Asia. They are well aware that they both have more pressing issues to focus on, specifically relating to the West (and in particular the US).

In Afghanistan, both Russia and China are second-tier actors that lack the influence of Pakistan, Iran, or the Gulf countries. They cannot exert relevant leverage over the current negotiations with the Taliban and will have to accept the final decision being taken without them. They rely on partners that are more involved in Afghan internal affairs—Pakistan for China and, to a lesser extent, Iran for Russia—to signal their preferred outcomes.

As they do not care about the nature of the political regime in place in Kabul, they are prepared to accept a Taliban-shared or a Taliban-led government as long as 1. It does not try to spread instability—i.e., Islamist ideology—beyond Afghanistan’s borders toward Central Asia or Xinjiang; and 2. It does not question the distribution of economic assets and investments secured by the current Afghan government. The first question is more sensitive for Moscow, which is concerned that Tajikistan might potentially be destabilized by a Taliban-led government; the second is on the radar of Beijing, which has been investing in several projects extracting minerals and upgrading infrastructure in Afghanistan and does not want to lose them.

But Afghanistan remains a second-tier, if not a third-tier, country in the strategic projections of both Moscow and Beijing, whose national security hinges on points of tension far from Central Asia and Afghanistan: in Ukraine for Russia and in the South China Sea for China. Both countries have shown some self-restraint in avoiding fomenting tensions in their shared neighborhood of the Russian Far East and Central Asia. It is therefore unlikely that their modest security ambitions in Afghanistan will affect their globally positive bilateral relationship.

Unlike in the 2000s, when Moscow seemed interested in reviving its security partnership with Kabul, Russia is now more focused on securing the borders of the former Soviet Union (i.e., the Tajik-Afghan border) than on being active in Afghanistan itself. It therefore does not see China's advances into the strategic field in Afghanistan as an immediate danger. From China's perspective, a military presence in the Wakhan corridor—which Beijing currently denies having—would make sense: given the current policy of mass internment of Uyghurs, the Wakhan corridor should be protected from the Islamic State gaining a foothold in it. Except to protect its assets, however, China does not plan to be heavily involved in Afghanistan's security. It fears attacks by the Islamic State (more than by the Taliban, with which non-aggression agreements can be agreed) on Belt and Road Initiative (BRI) investments not only in Afghanistan, but also in the Gwadar port of Pakistan and on the military base in Djibouti.

Seen from the Russian perspective, China's small military presence in Afghanistan may be annoying but not strategically threatening; protecting the Wakhan Corridor from the Islamic State would also serve Russia's interest in securing Tajikistan. Russian policy circles are closely following China's advances in Afghanistan but will not try to stop them, and consider that Beijing will have to renegotiate its security presence in the event that the Taliban regains power. China, for its part, was concerned by Moscow's sudden decision to enter into discussion with the Taliban—and, in partnership with Iran, to offer them some military support against the Islamic State—but has now become accustomed to the idea given the U.S.-led new round of negotiations with the Taliban.

Russia has historically been more critical of the U.S. presence in Afghanistan than China, in part because China's interests were represented by Pakistan, allowing Beijing to take a back seat to the confrontation, whereas Russia could not use Iran to represent its interests in Afghanistan. More recently, the realities on the ground have evolved, with Russia and Iran forging a closer relationship in the Middle East that has strengthened their cooperation over Afghanistan even as China has become uncertain how Pakistan would react in the event of a U.S.-Taliban agreement and what this would mean for the ambivalent relationship between Pakistan and the Taliban. As such, there are now more uncertainties for China than for Russia.

In the event of a U.S. troop withdrawal from Afghanistan, it is likely that Russia and China will let their partners, Iran and Pakistan, take the lead on the new configuration and adopt a wait-and-see position, observing how internal Afghan affairs evolve before positioning themselves. Russia will be more worried about the possible destabilization of the Central Asia-Afghan border, while China will be focused on the prospects for its economic assets in the country.

Russia closely follows China's inroads into Central Asia, a region it considers much more strategic for its security interests than Afghanistan. In the 2000s, Moscow expressed concerns on several occasions, particularly around China's strategy of capturing Turkmen gas, but these have diminished in recent years as new Arctic fields have reduced Russia's need for Turkmen gas. Since the early 2010s, the Russian leadership has taken note of China's economic dominance in Central Asia and Moscow's incapacity to fight against it. The Russian response has been to build a regional integration structure—the Customs Union and then the Eurasian Economic Union—to control customs and tariff barriers while keeping Central Asian states (Kazakhstan and Kyrgyzstan) under Russia's normative umbrella. This was a successful move in the sense that it consolidated Russia's stranglehold over the Kazakhstani and Kyrgyzstani economies without requiring Russia to compete directly with China's investments in the region. When China launched the BRI, Russia responded with the notion of a "Greater Eurasian Partnership" (GEP) that would merge the Eurasian Economic Union and the BRI initiatives—an unsuccessful attempt by Russia to both imitate and control China's strategy.

Possible future coordination between China and Russia in Afghanistan will not have a decisive impact on the situation on the ground: Pakistan, Iran, and the Gulf countries (along with the US) are the only external actors that have cards to play there. Instead, China and Russia will largely adapt to what the first-tier countries decide: Moscow by following Iran's position and probably also supporting India, Beijing by continuing to back the Pakistani posture—even if the Chinese leadership also expresses concerns about Islamabad's ambiguity toward the Taliban.

China-Russia coordination in Central Asia would have more impact on the future of the region, as both countries are first-tier powers there and face limited competition from other external actors. Increased coordination between Moscow and Beijing would continue to diminish the Central Asian states' room for maneuver, particularly in the case of Kazakhstan, which is the state most interested in a balanced, multi-vectoral policy. Together, they could also engulf a reformist Uzbekistan and prevent its potential rapprochement with Western countries. At the same time, it is also possible to envision that the Russia-China relationship in Central Asia has hit a plateau and will neither grow nor diminish in the near future—instead, the two countries will carefully avoid coming into conflict with one another.

It is difficult to advance recommendations for how to protect U.S. interests in Afghanistan, as these interests are not clearly defined. U.S. policy for Afghanistan is in full swing and will depend on the nature of the agreement with the Taliban. The US will have more to negotiate with Iran, Pakistan, and the Gulf countries than with Russia and China.

In Central Asia, the situation is quite different. Mirziyoyev's presidency in Uzbekistan has created new opportunities and the nascent post-Nazarbayev era has the potential to modify the equilibrium. The US still has several instruments of leverage in the region, where it continues to be seen as a guarantor of some strategic autonomy and could renew its damaged soft power by promoting better calibrated policies. A loss of trust in the US on the part of Central Asia public opinion and elites has been visible for several years and it will take time for this trust to be rebuilt.

Yet several initiatives and better-targeted support would be possible:

- A new, well-publicized U.S. initiative in support of Central Asia's Human Capital focused on applied sciences and technologies, and managerial skills, with both training in the region and in the US
- Creation of a Central Asia's Regional Chamber of Commerce under the C5+1 Initiative to give foundation to more regional economic cooperation



**OPENING STATEMENT OF ANDREA KENDALL-TAYLOR, PH.D., SENIOR  
FELLOW, DIRECTOR OF TRANSATLANTIC SECURITY PROGRAM, CENTER FOR  
A NEW AMERICAN SECURITY**

CHAIRMAN BARTHOLOMEW: Thank you very much.

Dr. Kendall-Taylor?

DR. KENDALL-TAYLOR: Great. Well, thank you to the Commission for the opportunity to testify today. So, I've been asked to talk on Russia and China in the Middle East.

And I want to begin by providing four key observations on the broader state of Russia-China relations, and I provide greater detail on these points in my written statement.

But, first, it's clear that ties between Russia and China are deepening. Indicators across virtually every dimension of the bilateral relationship highlight their growing alignment, including the economic, military, and political spheres.

Second, Russia and China relations will continue to deepen as the key drivers of their relationship strengthen and the constraints erode.

Third, Russia and China are united in their discontent with U.S. dominance. It very much is a marriage of convenience. But sustained cooperation and repeated interaction raise the likelihood of a more meaningful alignment.

And finally, deepening relations between Russia and China will be among the most significant U.S. foreign policy challenges in the coming decade. Russia and China are unlikely to forge a military alliance, but, even short of such an alliance, their growing alignment and coordination will present significant challenges.

So, how are these dynamics playing in the Middle East? Russia and China have both increased their attention to and activity in the Middle East. Although close cooperation and coordination is not yet evident, both countries are pursuing compatible goals and objectives.

First, both countries view the Middle East as an opportunity to demonstrate their global power. For Putin, the Middle East is an important symbol of Russia's return as a great power. He wants a seat at the table and to be treated as a major player, on par with the United States, and he views his presence as critical for countering what he sees as U.S. unilateralism and the instability he believes that it creates.

China's goals are less about projecting power and more about accumulating the influence that Beijing requires to protect its economic interests. China seeks to bolster its reputation as a responsible great power by promoting peace and stability and playing an active role in conflict resolution and reconstruction.

A few caveats are worth highlighting though. Russia's goals in the Middle East are shaped by security considerations to a far greater extent than China's. For Putin, maintaining bases in Syria is a strategic priority, allowing Russia to project force into the Middle East and the Mediterranean.

Russia and China also hold slightly different views of the United States in the region. China does not seek to antagonize the United States and views Washington as a key security guarantor for the security that it needs to reap economic benefits from the region. In contrast, Russia more directly seeks to disrupt and undermine, although not displace, the United States in the Middle East.

Their second goal is to increase economic opportunities. For China, ensuring access to energy and other resources is the single most important goal in the region. The Middle East is also of geostrategic importance for China's Belt and Road Initiative.

For Russia, economic factors are secondary, but the economic incentives grew after 2014. Energy deals and military sales enable Putin to offset some of the economic pressure that Russia faces.

Third, both countries seek to counter terrorism. Russia and China share concerns about the thousands of Russian and Chinese citizens who have traveled to Syria to fight with various terrorist organizations.

And finally, both leaders view the Middle East as playing a key role in their own domestic standing. Putin uses a steady stream of engagements with Middle Eastern leaders to offset any perceptions of isolation in the aftermath of Crimea. And in China, there are also rising domestic expectations for Beijing to play a more assertive role on key international issues.

So, those are their goals, and I now want to say a few words about how both countries go about advancing their goals. Because Moscow and Beijing prioritize their foreign policy goals differently, some of their approaches and tactics to the region differ.

So, for Moscow, Russia pursues a very transactional, pragmatic approach. The Kremlin is willing to cooperate with others where their interests overlap and seeks to avoid disagreements in one part of a relationship from stymieing cooperation in the other. Moscow also prides itself as being the only country able to consult with all parties to a conflict. The Kremlin's diplomacy, backed by credible force, has made Russia an indispensable power in the region.

So, Russia's major lines of effort include: using Syria as a springboard to increase and expand influence throughout the rest of the region; capitalizing on frustration with Washington and the U.S. kind of "values-laden" foreign policy to expand relations; using military sales to tether capitals to Moscow, and using relations with Iran as a force multiplier.

China has sought to avoid security commitments, limiting its involvement in the region in the political and security realms to the lowest levels required to protect and facilitate its economic interests. China mostly defers to Washington as the primary security provider, which allows Beijing to uphold its principle of non-interventionism and to appear as a neutral arbiter in regional affairs.

China's main lines of effort include: using economic ties to generate leverage and influence; supporting Russia's security goals while avoiding confrontation with the U.S.; balancing relations between Iran and Saudi Arabia; underlining principles of sovereignty and non-interference in domestic affairs, and increasing its role in Middle East peace initiatives and diplomacy to demonstrate its leadership.

So far, the separate challenges that Russia and China pose are more significant than their combined challenges. Their bilateral relationship is strengthening, but the frequency, breadth, and intensity of their cooperation in the Middle East is less than in other regions.

The challenge for the U.S. stemming from deepening relations between Russia and China have been limited. First, Russia and China together dilute U.S. leverage and influence in the Middle East. Middle Eastern regimes view Moscow and Beijing as viable alternatives to the U.S., and they can credibly threaten to move closer to Moscow and Beijing to dilute U.S. requirements for good governance and other reforms.

Together, Russia and China also amplify the appeal of the strongman authoritarian model. Putin, Assad, el-Sisi all have highly personalized regimes. Xi and Crown Prince Mohammad bin Salman are also moving in that direction, and that's likely to create a foundation for Russia and China's influence to rise in the future. And together, Russia and China are also using multilateral institutions to challenge U.S. regional interests.

I want to conclude with a couple of recommendations. I have others in my written

statement, but here I'll quickly highlight three.

First, Congress should enable the U.S. Government to consider Russia and China together as well as separately. The U.S. Government is not institutionally configured to deal with the challenge. There's expertise on Russia. There's expertise on China. But there are few, if any, efforts that analyze and address the nexus of the combined challenge.

Second, U.S. efforts to drive a wedge between Russia and China are unlikely to be successful, but Washington should still seek to drive many wedges, where possible. A couple of dimensions of the relationship that could be exploited include arm sales and nuclear energy projects, as well as Chinese moves into the security realm, where Russia has played a more significant role.

In communicating with Beijing, Washington should underscore Russian efforts that threaten to destabilize the region. Beijing will be sensitive to actions that threaten its access to energy and resources, given the negative impact that it would have on the Chinese economy.

And finally, U.S. officials should identify efforts to reassure regional leaders of Washington's commitment while highlighting the shortcomings of partnering more closely with Moscow and Beijing.

Russia and China relations are likely to continue to deepen. Each country will continue to present their own challenges to the United States, including in the Middle East. But Washington should also be prepared for growing synergy and coordination between the two. The U.S. should work now to strengthen relations with allies and partners who can support U.S. efforts to compete with China and take proactive steps to limit the depth of the Russia-China partnership.

Thank you.

**PREPARED STATEMENT OF ANDREA KENDALL-TAYLOR, PH.D., SENIOR  
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Before the  
**U.S.-China Economic and Security Review Commission**

## **Hearing on "An Emerging China-Russia Axis? Implications for the United States in an Era of Strategic Competition"**

Thank you to the Commissioners for the opportunity to testify today. The Commission has asked me to focus on assessing Russian and Chinese goals in the Middle East, how Moscow and Beijing engage and interact in the region, and to provide associated recommendations for how the United States can manage great power competition in the region.

I want to begin by providing four key observations on the broader state of Russia-China relations. These observations provide the necessary context in which to view Russia-China relations in the Middle East.

### **1. Ties between Russia and China are deepening.**

The relationship between Russia and China has improved steadily since the waning years of the Cold War. This trend accelerated in the last decade and especially since 2014 when Russia's illegal annexation of Crimea shut down Russian opportunities in and cooperation with the West. Indicators across virtually every dimension of the bilateral relationship highlight their growing alignment.<sup>1</sup> Economically, China is the largest purchaser of Russian crude oil and has surpassed Germany as Russia's largest trading partner. Militarily, their defense cooperation continues to grow, including through defense dialogues, joint exercises, and regional security cooperation. Russia continues to sell China increasingly sophisticated military technologies, though that aspect of the relationship has diminished in relative importance as China has enhanced its capabilities in this area. Politically, Russian President Vladimir Putin and Chinese President Xi Jinping enjoy close relations, and exchanges and interactions at lower levels of the Russian and Chinese governments are frequent.

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<sup>1</sup> See Richard J. Ellings and Robert Sutter, eds., *Axis of Authoritarians: Implications of China-Russia Cooperation* (Washington, D.C.: National Bureau of Asian Research, 2018); and Graham Allison, "The Russia Card," *The National Interest*, 2019, see pp. 5-9 for in-depth discussions of the deepening ties between Russia and China.

**Bold.**

**Innovative.**

## **2. Russia-China relations will continue to deepen as the key drivers of their relationship strengthen and constraints erode.**

Both Putin and Xi view the United States as a significant threat to their power. Their shared perception of the United States as a threat is an important driver of their relationship. U.S. actions such as sanctions against Russia and the administration's trade war with China are justified approaches to addressing hostile adversaries, but also serve to push the two countries closer together. The strong consensus in Washington around great power competition as the centerpiece of U.S. foreign policy is likely to continue to provide incentive for greater alignment between Russia and China.

The growing similarity between the Putin and Xi regimes is also likely to provide a basis for future cooperation. Xi has consolidated power and dismantled the consensus-based decision making that has dominated China's post-Mao political system. While meaningful distinctions between the governments remain, China's political system more closely resembles the Putin-dominated Russian regime.<sup>2</sup> Research suggests that shared regime type enhances cooperation between states.<sup>3</sup>

Not only are the key drivers of bilateral relations strengthening, but many of the factors that observers long assessed would constrain the relationship are eroding. First, analysts have long held that Russian concerns about insecurity in its far east would stymie cooperation. However, the Kremlin's concerns about this source of insecurity have diminished; today, the Russian and Chinese governments are moving ahead with infrastructure projects in border regions that had long been delayed. Moreover, Putin likely understands that China constitutes a long-term threat to Russia but appears to calculate that a far-off and uncertain threat from China is more acceptable than the immediate and certain threat he perceives from the United States.

Cultural factors and historical enmity are likely to be enduring constraints on Russia-China relations. However, Xi and Putin dominate the media environments in their countries and are capable of slowly turning public opinion over time. Such a process would be hard and slow, but Beijing and Moscow have the capacity to re-shape public attitudes, should they decide to. Already, surveys show that 69 percent of Russians hold a positive view of China—the same percentage of Russians that hold negative views of the United States.<sup>4</sup>

## **3. Russia and China are united in their discontent with U.S. dominance—a marriage of convenience—but sustained cooperation and repeated interaction raise the likelihood of more meaningful alignment.**

Putin and Xi prioritize their own survival in office above all else. They both judge that the United States and its efforts to support democracy present a threat to their hold on power, and that the U.S.-dominated international order disadvantages them and fails to accommodate their interests.

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<sup>2</sup> Erica Frantz, Andrea Kendall-Taylor, and Joseph Wright, "Did Xi Jinping Just Become China's Strongman? Not Quite," *Washington Post*, March 13, 2018, [https://www.washingtonpost.com/news/monkey-cage/wp/2018/03/13/did-xi-jinping-just-become-chinas-strongman-not-quite/?utm\\_term=.da0dce42214e](https://www.washingtonpost.com/news/monkey-cage/wp/2018/03/13/did-xi-jinping-just-become-chinas-strongman-not-quite/?utm_term=.da0dce42214e).

<sup>3</sup> Brian Lai and Dan Reiter, "Democracy, Political Similarity, and International Alliances, 1816-1992," *Journal of Conflict Resolution* 44, no. 2 (2000): 203–27.

<sup>4</sup> Cited in Graham Allison, "The Russia Card," *The National Interest*, 2019, pp. 5-9.



They are united in their discontent and share an interest in weakening Western cohesion and subverting many of the values and rules that define the post-World War II order.

Although they have banded together in discontent, there is potential that their repeated interactions will foster a deeper and more enduring partnership over time. Already, Russian and Chinese values and views of the way the world should be ordered are significantly aligned. Russia and China are likely to continue to work together, and potentially coordinate their efforts to create an environment that is conducive to both of their development goals.

#### **4. Deepening relations between Russia and China will be among the most significant U.S. foreign policy challenges in the coming decade.**

Russia and China are unlikely to forge a formal military alliance. But even short of such an alliance, their growing alignment and coordination will present a significant challenge for U.S. national security in the coming years. The Director of National Intelligence warned in his 2019 Annual Threat Assessment that strengthening ties between China and Russia will present a “wide variety of economic, political, counterintelligence, military, and diplomatic challenges to the United States and its allies.”<sup>5</sup> If Russia-China relations continue to grow, it would harm U.S. interests by enhancing their mutual capabilities and stretching U.S. capabilities, complicating U.S. strategic planning by potentially dividing U.S. power, emboldening them to act knowing they will have each other’s support, enhancing the perceived legitimacy of the alternative they provide, and diluting U.S. leverage over countries willing to play the United States off Russia and China.<sup>6</sup>

Russia and China are also poised to challenge U.S. interests through the complementarity of their actions.<sup>7</sup> Russia and China take different approaches to pursuing their foreign policy objectives. Russian foreign policy is confrontational and brazen. So far, China has used a subtler and more risk-averse strategy, preferring stability that is conducive to building economic ties and influence. Although their tactics are different, they have the potential to converge in synergistic ways such that the combined effects on U.S. interests is greater than the sum of their individual efforts. This dynamic is most evident in Europe, but there is potential for greater synergies between Russia and China to create new challenges for the United States.

#### **Russian and Chinese Goals in the Middle East**

Russia and China have both increased their attention to and activity in the Middle East. Although close cooperation or coordination is not yet evident, both countries are pursuing compatible goals and objectives. Russia and China share the following goals in the region:

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<sup>5</sup> Daniel R. Coats, “Statement for the Record: Worldwide Threat Assessment of the US Intelligence Community,” § Senate Select Committee on Intelligence (2019), <https://www.dni.gov/files/ODNI/documents/2019-ATA-SFR---SSCI.pdf>.

<sup>6</sup> James Steinberg, “China-Russia Cooperation: How Should the United States Respond?” in Richard J. Ellings and Robert Sutter, eds., *Axis of Authoritarians: Implications of China-Russia Cooperation* (Washington, D.C.: National Bureau of Asian Research, 2018).

<sup>7</sup> Andrea Kendall-Taylor and David Shullman, “How Russia and China Undermine Democracy,” *Foreign Affairs*, October 2, 2018.

## 1. Demonstrating global power.

Russia and China see their presence in the Middle East as critical for projecting their great power status. Both countries view the Middle East as an opportunity to demonstrate their ability to play a pivotal role in important global affairs and project influence beyond their immediate neighborhoods. For Putin, returning Russia to the Middle East after Moscow's extended hiatus from the region is an important symbol of Russia's return as a great power. Russia was forced out of the Middle East in the 1990s, when Russia was weak. Now that Russia is back, Putin judges that Russia should have a seat at the table and be treated as a major player on par with the United States. Putin's return to the Middle East was largely driven by his desire to prevent the United States from turning Bashar al-Assad into another Qaddafi, and Putin views his presence in the region as critical for standing up to and countering what he sees as U.S. unilateralism.

Since Xi took power in 2012, China has adopted a more assertive foreign policy in the Middle East. China's goals are less about projecting power, and more about accumulating the influence that Beijing requires to protect its economic interests in the region. China seeks to bolster its reputation as a responsible great power by promoting peace and stability and playing an active role in international conflict resolution and reconstruction.

***Where they differ.*** Russia's goals in the Middle East are shaped by security considerations to a greater extent than are China's objectives. For Putin, establishing and maintaining bases, including an expanded naval base at Tartus and air base in Latakia, is a strategic priority allowing Russia to project force into the Middle East and Mediterranean. China's desire to demonstrate its global power in the Middle East is driven largely by economic interests and the influence needed to protect those interests, as discussed at greater length below.

Russia and China also hold slightly different views of the United States in the region. Both countries oppose U.S. unilateralism and uphold the principle of non-intervention. China judges it has benefited from U.S. involvement in regional crises that have distracted Washington from trying to counter China's rise. However, China does not seek to antagonize the U.S. in the Middle East. China views the United States as a key guarantor of Middle East security, critical to maintaining the stability Beijing requires to reap benefits from the region. Russia, in contrast, more directly seeks to disrupt and undermine (although not displace) the U.S. in the Middle East.

## 2. Increasing economic opportunities.

Russia and China both seek economic opportunities in the Middle East. For China, ensuring access to energy and other economic resources is the single most important goal in the region. Middle Eastern producers together provide China's second largest supply of crude oil (after Russia), Beijing is the largest investor in and exporter of goods to the region, and thousands of Chinese workers work across the Middle East. The Middle East is also of geostrategic importance for the advancement of China's Belt and Road Initiative (BRI). Reflecting the centrality of the Middle East to BRI designs, Beijing identified the Middle East a "neighbor" region in 2013, signaling the region's

growing geostrategic importance.<sup>8</sup> China's significant economic interests mean that China aims to promote the stability that is needed to protect its investments and maintain access to energy resources in the region. Xi's public statements also indicate that he views development as key to resolving security problems in the Middle East, much as China views development in other regions and at home in Xinjiang.

Economic factors are secondary for Russia, but the economic incentives for Moscow to pursue a larger role in the Middle East grew after 2014 when the United States and Europe levied sanctions on Russia for its illegal annexation of Crimea. Energy deals and military sales enable Putin to offset some of the economic pressure Russia has faced especially since 2014. Russia has coordinated closely with Saudi Arabia to limit oil production to buoy oil prices, which both countries rely on to sustain the patronage on which their authoritarian systems depend. Russia also views the region as an alternative source of funds to service short-term debt, and an additional source of investment. In 2016, for example, the Qatar Investment Agency acquired a 19.5 percent stake in Rosneft, a state-controlled oil company. Nuclear energy and arms sales also provide Moscow with important sources of revenue.

***Where they differ.*** Economic motivations are a far more important driver of China's approach to the Middle East relative to Russia. The magnitude of China's economic interests in the region lead Beijing to prioritize stability – a necessary precondition for the success of its economic projects.

### 3. Countering terrorism.

Russia and China share concerns about the thousands of Russian and Chinese citizens who have travelled to Syria to fight with various terrorist organizations. Putin sees his efforts to fight terrorism in the Middle East, especially ISIS, as critical for preventing the influx of terrorists into Central Asia and Russia. China, for its part, believes there is a link between stability in the Middle East and stability at home. In particular, Beijing worries about extremist elements in the Middle East providing training and inspiration to radicalized Uighur Muslims who might return to western China.<sup>9</sup>

### 4. Maintaining public support.

In addition to the economic benefits that help Putin and Xi domestically, both leaders also use their actions in the region to enhance their domestic standing. Putin has sought to increase diplomatic ties to the region and uses a steady stream of diplomatic engagements with Middle Eastern leaders to offset any perceptions of isolation in the aftermath of Crimea. In China, there are also rising domestic expectations among the Chinese people for Beijing to play a more assertive and engaged role on key international issues and in international hot spots. Given China's growing economic interests in the Middle East, including the large presence of Chinese nationals, Xi could face domestic pressure to defend China's interests in the region.

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<sup>8</sup> Nicholas Lyall, "China in the Middle East: Past, Present, and Future," *The Diplomat*, February 16, 2019, <https://thediplomat.com/2019/02/china-in-the-middle-east-past-present-and-future/>.

<sup>9</sup> Ilan Goldenberg and Ely Ratner, "China's Middle East Tightrope," *Foreign Policy*, April 20, 2015, <https://foreignpolicy.com/2015/04/20/china-middle-east-saudi-arabia-iran-oil-nuclear-deal/>.

### **Russian and Chinese Lines of Effort:**

The growing importance that Russia and China assign to the Middle East has led both countries to increase their activity in the region. Because Moscow and Beijing prioritize their foreign policy goals differently, some of their approaches and tactics in the region diverge. Broadly speaking, Russia has played a more significant role in the region and leads from the front, while China plays a more passive role, seeking to avoid actions that would antagonize the U.S.

Russia and China pursue the following tactics and approaches to advance their goals in the Middle East:

**Russia.** Russia pursues a transactional approach to the Middle East. Moscow is willing to cooperate with other countries where their interests overlap with Moscow's and seeks to avoid allowing disagreements in one part of the relationship to stymie prospects for cooperation in another. Moscow has also skillfully navigated between regional powers with opposing interests, including Israel and Iran, Saudi Arabia and Qatar, or Iran and Saudi Arabia. Moscow prides itself as being the only country able to consult with all parties to a conflict, and its agile diplomacy, backed by credible force, has made Russia an indispensable power in the region.

Russia pursues the following lines of action to advance its interests in the region:

- **Using Syria as a springboard for expanding influence throughout the rest of the region.** Russia's military operation in Syria has boosted the prestige of Russian-made weapons and has been a compelling advertisement for the value of Moscow's politico-military backing.<sup>10</sup> Russia has used its intervention in Syria to enhance relationships with many longtime U.S. partners, including Egypt and Saudi Arabia.
- **Capitalizing on frustration with Washington and U.S. "values laden" foreign policy to expand relations.** Russia seeks to amplify the view held by many regional leaders that the United States is less committed to the region and less interested in investing in partnerships. In Egypt, for example, Putin capitalized on the regime's anger towards Washington, following Mubarak's ouster and U.S. sanctions on arms sales, in order to deepen relations. Many countries are also receptive to Moscow's "no strings attached" investment and Moscow's shorter lead time on military sales.
- **Using military sales to tether capitals to Moscow.** Russia has boasted of a surge in arms sales, newly tried and tested on the Syrian battlefield. Russia has nearly doubled its weapons

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<sup>10</sup> Dmitri Trenin, *What Is Russia Up to In the Middle East?* (Cambridge, United Kingdom: Polity, 2017).

exports to the region over the past five years, with \$24 billion worth of orders due to be fulfilled over the next decade.<sup>11</sup>

- **Using relations with Iran as a force multiplier.** Russia and Iran have built on their shared opposition to the United States to work together to counter Washington in the Middle East. Their repeated interactions to implement the Joint Comprehensive Plan of Action (JCPOA) and their cooperation on the battlefield in Syria have allowed Moscow and Tehran to overcome historic mistrust and increase cooperation.

***China.*** Like Russia, China has pursued a pragmatic approach to the Middle East, navigating between regional powers with competing interests. Beijing has sought to avoid security commitments in the region, limiting its involvement in the political and security realms to the lowest levels required to protect and facilitate its economic interests and investments. China mostly defers to Washington as the primary security provider, allowing Beijing to uphold its principle of non-interventionism and to appear as a neutral arbiter in regional affairs. China pursues the following lines of efforts to advance its interests in the region:

- **Using economic ties to generate leverage and influence.** China pursues what it calls "win-win" economic partnerships to secure energy and economic resources, build influence with regional regimes, and bolster stability. Beijing has sought to use cooperation with the Gulf Cooperation Council, in particular, as a conduit for advancing the Belt and Road Initiative. Beijing expects that its economic ties will generate and maintain support for Chinese foreign policy priorities among Middle Eastern governments, including the One China Policy.
- **Supporting Russia's security goals, while avoiding confrontation with the U.S.** In Syria, China has supported Russia's call for the international community to respect Syria's territorial integrity. China has been particularly supportive of Russia in the UN Security Council, supporting six of seven Russian vetoes relating to Syria's use of chemical weapons. China also seeks to become part of the conflict resolution—promoting a political settlement to the conflict—and the reconstruction process to assert itself as a stabilizing and peaceful force in Syria.
- **Balancing relations with Iran and Saudi Arabia.** Iran is an important source of China's oil-imports (China is the largest buyer of Iranian crude), and Beijing is Tehran's top importer. Iran is also a linchpin of China's Belt and Road Initiative with Chinese infrastructure investment in Iran totaling \$8.5 billion in loans from the Export-Import Bank of China through early 2018.<sup>12</sup> Similarly, Beijing's largest trading relationship in the Middle East is with Saudi Arabia (China overtook the United States as Saudi Arabia's largest trading partner in 2017), and Beijing has

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<sup>11</sup> Liz Sly, "In the Middle East, Russia Is Back," Washington Post, December 5, 2018, [https://www.washingtonpost.com/world/in-the-middle-east-russia-is-back/2018/12/04/e899df30-aaf1-11e8-9a7d-cd30504ff902\\_story.html](https://www.washingtonpost.com/world/in-the-middle-east-russia-is-back/2018/12/04/e899df30-aaf1-11e8-9a7d-cd30504ff902_story.html).

<sup>12</sup> Owen Daniels, "How China Is Trying to Dominate the Middle East," Text, The National Interest, August 28, 2018, <https://nationalinterest.org/feature/how-china-trying-dominate-middle-east-29922>.

sought to align Crown Prince Mohammed bin Salman's Vision 2030 plan with the Belt and Road Initiative.

- **Underlining principles of sovereignty and noninterference in domestic affairs.** China emphasizes the principle of non-interventionism in the Middle East so that Middle Eastern countries choose not to meddle in Chinese domestic politics with respect to issues like Taiwan and the Uighurs. In particular, Beijing seeks to highlight that Chinese investment and assistance comes without the political reforms that Western countries require.
- **Increasing role in Middle East peace initiatives and diplomacy to demonstrate leadership.** Beijing aims to bolster its legitimacy by promoting peace and stability and playing an active role in international conflict resolution and reconstruction. China has, for example, sent a Special Envoy to Syria and created new initiatives on the Israeli-Palestinian peace process.

### **Implications for U.S. Interests in the Middle East**

The bilateral relationship between Russia and China is strengthening, but the frequency, breadth and intensity of their engagement and cooperation in the Middle East is less than in other regions, especially Europe. So far, the separate challenges that Russia and China pose to U.S. interests in the Middle East are more significant than the challenges arising from their collaboration or coordination. The challenges for the United States in the Middle East resulting from the deepening relationship between Russia and China include:

- **Diluting U.S. leverage and influence in the Middle East.** Russia and China's increased activity and interest in the Middle East has enhanced regional perceptions that Moscow and Beijing are viable alternatives to the United States. Even if these leaders prefer to work with Washington, Russia and China's growing role in the region allows leaders to credibly threaten to move closer to Moscow and Beijing to dilute U.S. requirements for good governance, democracy, and other reforms.
- **Amplifying the appeal of the strongman authoritarian model, which is likely to create a foundation for their influence to rise in the region.** Middle Eastern regimes view China as an attractive model of authoritarian development. Many leaders also look favorably on Russia's willingness and capacity to stand up to the U.S. in Syria. Moreover, the strongman model of governance—Putin, Assad and el-Sisi have highly personalized regimes, while Xi and Mohammad bin Salman continue to move in that direction—is likely to provide a shared foundation for future cooperation.
- **Using multilateral institutions to challenge U.S. regional interests.** Russia and China are using the UN as a platform to emphasize sovereignty narratives that reflect their interests and redirect discussions away from human rights, democracy, and good governance.<sup>13</sup> They are coordinating their efforts to block U.S.-backed efforts and shape regional political issues

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<sup>13</sup> Daniel R. Coats, "Statement for the Record: Worldwide Threat Assessment of the US Intelligence Community."



including Libya, Yemen, Syria, and ISIS. China is also using its economic leverage to garner the support of Arab nations for China's positions in the UN and WTO.

### **Recommendations for Congress**

The current trajectory of Russia-China relations and the significant implications that a more robust Sino-Russian partnership would pose to U.S. interests suggest that Washington should not discount the possibility that a more meaningful and enduring partnership could develop. Moreover, even if China ultimately jettisons its relationship with Moscow in the long term, they could still collaborate and coordinate their actions in the near term (i.e., the next 15-25 years) in ways that would significantly complicate Washington's ability to advance U.S. interests. The U.S., therefore, discounts strengthening Russia-China relations to its own peril. In developing its response to great power competition in the Middle East, Congress should consider the following:

**Congress should enable the U.S. government to consider China and Russia together as well as separately.<sup>14</sup>**

The U.S. government is not institutionally configured to deal with the challenge posed by greater collaboration and coordination between Russia and China. There is expertise on Russia and China, but there are few if any efforts that analyze and address the nexus of the combined challenges and threats.

**U.S. efforts to drive a wedge between Russia and China are unlikely to be successful but Washington should still seek to drive “mini-wedges” where possible.**

It is highly unlikely that Putin would jeopardize his relationship with Beijing by joining the United States to pressure China. From the Kremlin's perspective, the United States is a far less predictable partner than is China, and Putin's anti-Western views are deeply held. Xi, for his part, seeks to encourage Russia to lean towards China to divide U.S. strategic attention.<sup>15</sup> Although driving a wedge between them is unlikely to be successful, efforts to highlight and amplify tensions in their relationship as it plays out in the Middle East could help constrain the depth of the partnership.

The U.S. should seek to highlight for the Kremlin Chinese efforts to expand its economic interests in areas of the most importance to Russia, including arms sales and nuclear energy projects. The U.S. should also seek to highlight the implications for Moscow of China's growing security presence, where Russia has played a more significant role. China is likely to increase its role in regional security—for example, its military base in Djibouti—to protect its economic interests and Chinese nationals in the region.

In communicating with Beijing, Washington should underscore Russian efforts that threaten to destabilize the region. The Kremlin's close partnership with Iran for example, has the potential to

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<sup>14</sup> Robert Sutter, “U.S. Policy Opportunities and Options.” in Richard J. Ellings and Robert Sutter, eds., *Axis of Authoritarians: Implications of China-Russia Cooperation* (Washington, D.C.: National Bureau of Asian Research, 2018)

<sup>15</sup> Angela Stent, “Foreword” to Richard J. Ellings and Robert Sutter, eds., *Axis of Authoritarians: Implications of China-Russia Cooperation* (Washington, D.C.: National Bureau of Asian Research, 2018)

embolden Iranian regional aggression. Beijing is likely to be sensitive to actions that threaten its access to energy in the region given the negative impact that such disruptions would have on China's economy.

**The United States should accept that China or Russia (or both) are likely to gain more of a footing in the Middle East and seek to work with Moscow and Beijing where possible.**<sup>16</sup>

Russia and China are likely to play a greater role in the Middle East as the United States seeks to moderate its presence in the region. Russia and China's greater presence will dilute U.S. influence as Middle Eastern leaders can push back on democracy, human rights, and other conditionalities by more credibly threatening to move closer to Moscow and Beijing. Nonetheless, Middle Eastern leaders still vastly prefer to work with the United States than either Russia or China and are unlikely to view either country as a sufficient substitute for the protection, arms, and intelligence that Washington provides. Washington therefore should seek to leverage Russia and China's growing presence to offload some of the responsibility in the region. Doing so would enable Washington to find a more sustainable posture in the Middle East.

**U.S. officials should identify efforts to reassure regional leaders of Washington's commitment, while highlighting shortcomings of partnering more closely with Moscow and Beijing.**

Moscow and Beijing seek to feed the narrative that the United States is no longer committed to the Middle East and are taking actions to fill the perceived vacuum. The U.S. should identify opportunities to reinforce for regional leaders the U.S. commitment to the region. Such efforts to enhance the desirability of working with the U.S. should include increasing funding to enhance America's diplomatic capability in the Middle East as well as produce tangible benefits for regional partners. To this end, the U.S. should strategically allocate infrastructure and development finance in the region, including by working with the Gulf Cooperation Council (GCC) to launch a new infrastructure initiative for the Middle East.<sup>17</sup> This and other efforts will be required to reduce China's overwhelming advantage in infrastructure financing, which allows China to compete effectively in the region.

Concurrently, U.S. officials should seek to amplify the shortcomings of working with Russia and China. For example, Moscow frequently fails to deliver on its promises for aid and investment. Similarly, the U.S. should be prepared to capitalize on moments of disillusionment with Belt and Road projects.<sup>18</sup> The U.S. should also seek to highlight China's treatment of its Uighur Muslim population.

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<sup>16</sup> Mara Karlin and Tamara Cofman Wittes, "America's Middle East Purgatory," *Foreign Affairs*, December 11, 2018, <https://www.foreignaffairs.com/articles/middle-east/2018-12-11/americas-middle-east-purgatory>.

<sup>17</sup> This recommendation comes from Daniel Kliman and Abigail Grace, "Power Play: Addressing China's Belt and Road Strategy" (Washington, D.C.: Center for a New American Security, September 2018).

<sup>18</sup> Daniel Kliman and Abigail Grace, "Power Play: Addressing China's Belt and Road Strategy" (Washington, D.C.: Center for a New American Security, September 2018).

Russia-China relations are likely to continue to deepen. Each country will continue to present their own challenges to the United States, including in the Middle East, but Washington should also be prepared for growing synergy and coordination between them. In a world with three dominant countries, the United States will not want to be alone on the side with one. The U.S. should work now to strengthen relations with Allies and partners who can support U.S. efforts to compete with Russia and China, and take proactive steps to limit the depth of the Russia-China partnership.

## Biography

### **Andrea Kendall-Taylor**

#### **Senior Fellow and Director of the Transatlantic Security Program, Center for a New American Security**

Andrea Kendall-Taylor is a Senior Fellow and Director of the Transatlantic Security Program at the Center for a New American Security (CNAS). She works on national security challenges facing the United States and Europe, focusing on Russia, populism and threats to democracy, and the state of the Transatlantic alliance.

Prior to joining CNAS, Andrea served for eight years as a senior intelligence officer. From 2015 to 2018, she was Deputy National Intelligence Officer for Russia and Eurasia at the National Intelligence Council (NIC) in the Office of the Director of National Intelligence (DNI). In this role Andrea led the U.S. intelligence community's strategic analysis on Russia, represented the IC in interagency policy meetings, provided analysis to the National Security Council, and briefed the DNI and other senior staff for White House and international meetings. Prior to joining the NIC, Andrea was a senior analyst at the Central Intelligence Agency (CIA) where she worked on Russia and Eurasia, the political dynamics of autocracies, and democratic decline.

Andrea is an adjunct professor at Georgetown University's School of Foreign Service. Her work has been published in numerous political science and policy journals, including the *Journal of Peace Research*, *Democratization*, *Journal of Democracy*, *Foreign Affairs*, the *Washington Post*, the *Washington Quarterly*, and *Foreign Policy*.

Andrea received her B.A. in politics from Princeton University and her Ph.D. in political science from the University of California, Los Angeles. She was a Fulbright scholar in Azerbaijan and Kazakhstan, where she conducted dissertation research on oil and autocracy.

**OPENING STATEMENT OF REBECCA PINCUS, PH.D., ASSISTANT PROFESSOR,  
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CHAIRMAN BARTHOLOMEW: Thank you very much.  
Dr. Pincus?

DR. PINCUS: Thank you for the opportunity to participate in this hearing. I'm grateful to the Commission for the invitation.

I need to note at the outset that the views I'm sharing here are my own and they do not represent the views or positions of the United States Government, the United States Navy, or the Naval War College.

I'd also like to thank my colleagues at the China Maritime Studies Institute at the Navy War College who helped me with preparing this testimony.

So, with that out of the way, I'd like to start by summing up that Chinese and Russian interest in the Arctic overlap rather than align. For China, Russia is a means to fulfilling economic, political, and military goals in the Arctic region and beyond. But Russia is not an easy partner to work with, and Arctic projects are inherently difficult.

For Russia, China is a useful counter to the Western strategy of isolationism. Russia sees in China the capital and markets needed to fill the void created by Western sanctions and to fund the development Russia needs to regain great power status. However, the constant fear of falling under Beijing's influence serves as a check on Moscow's enthusiasm for the partnership and drives Russian efforts to diversify partners.

As a result, there appears to be more to this relationship on paper and in rhetoric than in actual investment thus far. While some deals have been struck, other negotiations have broken down over differences between Chinese and Russian visions for their relationship in the Arctic.

In the immediate post-2014 aftermath, there appeared to be great enthusiasm for increased Sino-Russian cooperation in the Arctic on both the development of the Northern Sea Route and the Polar Silk Road, as well as on energy projects. By closing off American and European funds and expertise, the sanctions pushed Russia towards alternative sources and increased Chinese influence, although it's important to note that low oil prices played a role in this as well.

However, since 2014, less tangible progress has been made than might have been expected, given the level of rhetoric. Recent assessments by a variety of experts suggest that a climate of retrenchment is developing, and each side is waiting to see what the future of sanctions and global oil prices may hold.

If pressure on Russia ratchets up, it may be forced to compromise and accede to Chinese demands. On the other hand, if pressure on Russia goes down, Moscow may gain greater latitude to chart its own course on Arctic development, and China may then have to invest on Russian terms.

It may be useful to consider three dimensions or broad tracks along which China-Russia cooperation in the Arctic can be analyzed. These would be, roughly, economic, military, and political.

The economic dimension includes natural resources, among which energy is foremost, which also includes minerals and fish and seafood. Questions here would include the extent to which China is willing to pay to get these resources and the level of willingness on the part of Russia to cede control to China in exchange for capital.

Another element of the economic dimension is shipping routes. Although China is ultimately interested in trans-Arctic shipping, its ships will rely on Russian ports for refueling, resupplying, and emergency stops. Will Russia grant China preferential access to the Northern Sea Route, and what role will China play in the infrastructure that is needed to develop the NSR? Thus far, we have not yet seen a special relationship develop in NSR shipping, nor significant Chinese investment. It is not yet clear whether Moscow and Beijing will find a mutually satisfactory agreement on Chinese investment and the integration of the Northern Sea Route into the Belt and Road Initiative, which is known now as the Polar Silk Road, or whether cooperation is going to founder over terms of control.

The second broad dimension is national security. As China moves in the direction of great power status and global military capabilities, it will field nuclear power submarines that will operate in the Arctic Ocean, according to expert opinion, within the next decade.

Russia has profited from selling weaponry and expertise to China, as we have heard earlier today, although it has been wary of technology transfer. To what extent will Russia facilitate China's entry into the Arctic subsurface?

The third dimension of the China-Russia relationship in the Arctic is political. And here, I want to underscore that China is building relationships with all of the Arctic states in order to increase its influence over decisions about the future of the region. Beijing seeks to legitimate its interest in the region and to gain a shaping role in the future of the Arctic.

In this effort, Russia is less vulnerable because it is the Arctic superpower. However, the Russian economy is underdeveloped and brittle, and therefore, that acts as a constraint on Moscow's freedom of action. Russia has traditionally been extremely protective of its special position in the Arctic.

A final point. With Putin's future uncertain and Russia preparing or possibly entering a transitional phase, the Arctic is about to become wrapped up in Russian transition politics in a way that is going to be challenging for U.S. interests. Russia will take the chair of the two major governance bodies for the Arctic between 2021 and 2023. Putin's third term will end in 2024.

So, these two governance bodies, the Arctic Council and the Arctic Coast Guard Forum, will be hosted by Russia. They'll have regular meetings on Russian soil for the two years before the end of Putin's term, which means that any sort of political turmoil inside Russia will be directly linked to Arctic governance in a way that I think is going to be really challenging.

To conclude, I would say that this analysis suggests that a route forward might effectively be based on both raising the costs of China-Russia cooperation in the Arctic and offering Russia alternatives to Chinese dependence. U.S. efforts should also include a focus on the small Arctic states that are vulnerable to Chinese influence.

One important action which would signal American commitment to the region, and thereby, raise the cost of Chinese-Russian cooperation, would be to fully fund the U.S. Coast Guard Polar Security Cutter Program. Without visible surface presence exercised in the region and year-round all-access capabilities, the U.S. will remain at a disadvantage.

I would also suggest that decision makers need better information about the extent of Chinese influence in the Arctic region, including direct investment in critical infrastructure as well as political and social influence. Much of this information is not synthesized and monitored over time, nor linked to other key regions.

It is important to shore up relations with our Nordic allies in the region as well as with Canada to build a common consensus and dialog on China and the Arctic. More active U.S. engagement, calibrated carefully to avoid ratcheting up tension in a currently peaceful region, is



key to achieving a stable, secure, and protected Arctic region.  
Thank you.

**PREPARED STATEMENT OF REBECCA PINCUS, PH.D., ASSISTANT PROFESSOR,  
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COLLEGE**

Testimony before the U.S.-China Economic and Security Review Commission

Hearing on “An Emerging China-Russia Axis? Implications for the United States in an Era of Strategic Competition”

### **China and Russia in the Arctic**

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#### **Summary:**

The Arctic region is one area where Chinese and Russian interests converge, although they overlap rather than align. Arctic cooperation is an element of the broader PRC-RUS relationship.

There are several axes along which China-Russia cooperation in the Arctic can be measured. They can roughly be categorized as economic, military, and political. The economic dimension includes natural resources, energy foremost but also including minerals and fish. Questions here include the extent to which China is willing to pay to get these resources, and the level of willingness on the part of Russia to cede control to China in exchange for capital. At what point along the axis from low-high cooperation will Chinese WTP and Russian willingness to share intersect and overlap?

Another element of economics is shipping routes: although China is ultimately interested in trans-Arctic shipping, its ships will rely on Russian ports for refueling, resupplying, and emergency stops. To what extent will Russia grant China preferential access to the Northern Sea Route, and what role will China play in the infrastructure that is needed to develop the NSR? Can Moscow and Beijing find mutually satisfactory agreement on Chinese investment and the integration of the NSR into Belt and Road, or will cooperation founder over the terms of control?

The second broad dimension is national security: as China moves in the direction of great-power status and global military capabilities, it will field nuclear-powered submarines that will operate in the Arctic Ocean. Russia has profited from selling weaponry and expertise to China, although it has been wary of technology transfer for high-end platforms and systems. To what extent will Russia facilitate China’s entry into the Arctic subsurface? The Russian navy has been hawkish on China: will this attitude persist and be influential?

The third dimension of the China-Russia relationship in the Arctic is political: China is building relationships with all the Arctic states in order to increase its influence over decisions about the future of the Arctic region. In this effort, Russia is made less vulnerable by its status as the Arctic superpower; however, the underdeveloped and brittle Russian economy acts as a constraint on Moscow’s freedom of action. Russia has traditionally been jealously protective of its special position in the Arctic region. To what extent will Russia trade Arctic decision-making influence

for Chinese capital? How does Arctic cooperation fit into the broader pattern of Chinese and Russian grand strategy?

Taken together, these dimensions offer a roadmap for assessing Sino-Russian cooperation in the Arctic region, and for protecting the interests of the U.S. and its allies and partners. The three vectors of cooperation are economic (resources and shipping), military, and political. Across each of these dimensions, both China and Russia experience cross-cutting pressures. For China, Russia is a means to fulfilling economic, political, and military goals in the Arctic region and beyond. However, Russia is not an easy partner and Arctic projects are inherently difficult. For Russia, China is a useful counter to the Western strategy of isolation. Russia sees in China the capital and markets needed to fill the void created by U.S./E.U. sanctions, and to fund the development Russia needs to regain great power status. However, the constant fear of falling under Beijing's influence serves as a check on Moscow's enthusiasm, and drives efforts to diversify partners.

As a result, there appears to be more to this relationship on paper, and in joint statements, than in actual investment thus far. While some deals have been struck, others have foundered on differences between Chinese and Russian visions for their relationship in the Arctic.

In the immediate post-2014 aftermath, there appeared to be great enthusiasm for increased Sino-Russian cooperation in the Arctic on both NSR development and energy projects. By closing off American and European funds, the sanctions pushed Russia towards alternative sources and increased Chinese influence (although low oil prices played an important role as well). However, since 2014, less tangible progress has been made than might have been expected, given the level of rhetoric. Recent assessments suggest that a climate of retrenchment is developing, and each side is waiting to see what the future of western sanctions and global oil prices may hold. Will pressure on Russia ratchet up, forcing it to compromise and accede to Chinese demands? Or will pressure on Russia recede, enabling it to chart its own course on Arctic development and forcing China to invest on Russian terms?

A final point: with Putin's future uncertain, and Russia preparing to enter a transitional phase, the Arctic is likely to become wrapped up in Russian transition politics.

For the U.S. and its allies and partners, this analysis offers a route forward based on both raising the costs of China-Russia cooperation in the Arctic, and offering Russia alternatives to Chinese dependence. U.S. efforts should also include a focus on the small Arctic states that are vulnerable to Chinese influence.

## **Section 1. Economic Dimensions to China-Russia Relations**

The primary dimension of Sino-Russian cooperation in the Arctic region is economic. Under this broad umbrella fall two linked objectives: first, the development of the Northern Sea Route, the great shipping lane across Russia's northern coast, which connects northeast Asian ports to northern ports in Europe and North America; second, the extraction of renewable and nonrenewable resources from the Russian Arctic Zone. While both Russia and China desire these objectives, differences may be found in the details. Achievement of these goals would not be acutely detrimental to U.S. interests as they are economic outcomes that might in some respects benefit the U.S., although a stronger Russian economy may provide it more freedom of action. The imposition of sanctions appears to have spurred Russia to more eagerly seek Chinese investment, although Russia remains a difficult partner and there are fewer tangible results than might be expected, given the level of rhetoric. One expert notes that European firms are using Chinese intermediaries to finance investments in Russia, bypassing the Western financial system altogether.<sup>2</sup>

### **1. Shipping through NSR**

Shipping through the Arctic offers potentially significant time and fuel savings, through shortening the distance between Asia, northern Europe, and northern North America. In addition to the cost savings offered by trans-Arctic shipping, the development of an alternative route to Suez and through the Straits of Malacca is strategically valuable to China. There are three major shipping routes across the Arctic: the Northwest Passage, through the Canadian archipelago, the Trans-Polar route directly across the central Arctic Ocean, and the Northeast Passage, which runs through the Northern Sea Route of Russia. The Northern Sea Route (NSR) is the most-developed and most-trafficked shipping route at present. (For a map, please see Appendix 2.)

#### **a. Regulations and Authorities**

The management regime for the Northern Sea Route appears to lack stability, which may hamper development. Reports of interagency conflict over NSR control,<sup>3</sup> as well as routine violations of the rules,<sup>4</sup> contribute to the sense of unpredictability. In December 2018, the Russian government altered the distribution of responsibility regarding the Northern Sea Route, giving to the state corporation Rosatom the chief responsibilities regarding budget funds for the NSR, as well as responsibility for development and operation of the NSR, port infrastructure, and navigation and pilotage.<sup>5</sup> Although the Ministry of Transport will retain legal authority for regulating traffic, safety of navigation, and compliance with international law, Rosatom clearly has been given the leading role. One expert has likened the complex and shifting management regime in the NSR to “the tail that wags the dog,” concluding, “the emerging management and operational roles of the Ministry of Transport, Atomflot, and other private and state maritime enterprises, indicate a highly complex system that will challenge the effectiveness and economic viability of the NSR.”<sup>6</sup>

In March 2019, NSR regulations were further confused by reports of new Russian legislation that will restrict the passage of foreign warships and government ships, requiring them to request permission from Moscow 45 days in advance of their transit of the NSR and to take onboard Russian pilots.<sup>7</sup>

At a higher level, there is uncertainty about the status of the NSR under international law. In brief, Russia considers the NSR to be internal waters; the U.S. and others consider several key passages to be international straits. The Russian position on the NSR closely mirrors the Canadian position on the Northwest Passage, which the U.S. also disputes. China has not yet issued a clear statement on its interpretation of the legal status of either the NSR or NWP. However, experts argue that China may side with Canada and Russia on their claims. According to extensive analysis by Michael Byers, “China has practical and legally strategic reasons to side with Canada, especially because of similarities between the Northwest Passage and the Qiongzhou Strait.”<sup>8</sup> Similarly, Nengye Liu has pointed out that “China appears uninterested in challenging Russia’s jurisdiction in the Northern Sea Route.”<sup>9</sup>

#### b. The Ice Silk Road: NSR in BRI

In 2018, it was announced that Russia’s Northern Sea Route would be folded into China’s massive Belt and Road Initiative (BRI). Sometimes called the ‘Arctic Silk Road’ or ‘Ice Silk Road’, this new crossover project has received widespread attention. According to an analysis by Yun Sun of the Stimson Center, contrary to widespread opinion, the Polar Silk Road was originally proposed by the Russians.<sup>10</sup> Sun traces Russian proposals regarding the Polar Silk Road to 2015, with a follow-up proposal made by President Putin himself in 2017. Sun notes, “[t]he pre-2014 cold-shoulder by Russia forms a sharp contrast to its enthusiasm to cooperate with China on the Northern Sea Route after the Ukraine Crisis.”<sup>11</sup> In addition, Alexeevna and Lasserre (2018) note that China’s BRI was perceived as a threat to Russian interests and influence in Central Asia previous to 2014, and “so the decision to officially link the Russian Arctic” to the BRI “marks an important change” and the recognition by Moscow of “the necessity to deepen Sino-Russian cooperation in the Arctic.”<sup>12</sup>

This interpretation contrasts with other observers, who describe China as initiating the Polar Silk Road concept. For example, one expert identified three assumptions on the Russian side, and those who perceived the Polar Silk Road initiative as coming from China: first, that “China will save Russia’s stagnant north”; second, that “China has no alternative but to work with Russia”; and third, “China will be unable ‘sideline’ Russia.”<sup>13</sup>

In June 2018, the China Development Bank and Russia’s Vnesheconombank (VEB) signed a deal intended to facilitate investment in Belt and Road initiatives and tie together the BRI with the Russia-led Eurasian Economic Union. The Northern Sea Route received special emphasis in the announcement of the banking agreement: while the partnership covers about 70 projects, the NSR was the only project discussed in the press release.<sup>14</sup>

#### c. Mixed Opinions



Expert opinion varies on the extent of Sino-Russian partnership regarding the NSR, and the integration of the NSR into the BRI. Yun Sun argues that Sino-Russian cooperation on the NSR has been held back by “divergent interests, conflicting calculations and vastly different cost-benefit analyses.”<sup>15</sup> While Chinese observers point to Russian recalcitrance, Russian commentary often pushes back as well. For example, writing in the Russian journal *Regions*, Alexander Vorotnikov argued that while there is shared interest in Arctic development and cooperation, “Russia takes a firm position here” (твердую позицию) and “priority must remain with Russia, since the Arctic is the most important region...” (Арктика является важнейшим регионом).<sup>16</sup>

Some commentators call on Russia and China to resolve their differences and find mutually beneficial terms for development. Bai and Voronenko called for a bilateral long-term agreement between Russia and China that would “provide privileged terms for passing through the NSR for Chinese shipping companies” and help “establish win-win cooperation” between the two countries.<sup>17</sup>

## **2. Resources**

Similar to the underdevelopment of the NSR, Sino-Russian cooperation on Arctic resource projects has not yet met the high expectations and rhetoric. A 2018 analysis by Alexeevna and Lasserre, based on Russian and Chinese data on Arctic development cooperation, revealed two interesting patterns: first, that Sino-Russian projects in the Arctic “are frequently misrepresented” in each country and by different publications; and second, that actual projects are fewer and less successful than might be expected, given the level of publicity for Sino-Russian cooperation in the Arctic. The authors note that “moving beyond political declarations is very difficult.”<sup>18</sup>

Alexeevna and Lasserre argue that the lower-than-expected level of actual partnership is due to a mismatch of expectations: on one hand, Russians want to retain full control over Arctic development, given its strategic importance to national interests, and therefore want Chinese investment funds—without Chinese involvement in decision-making. On the other hand, Chinese investors “are reluctant to invest in very expensive and risky projects, unless they can secure a role in the management and have a voice and voting rights.” In addition, China is interested in participating in Arctic development projects in order to build technological expertise and industrial capabilities, whereas Russians are generally protective of their expertise and know-how.<sup>19</sup> Partially, anemic development can also be explained by the investment climate in Russia. Analysts note that Russian investment protocols are neither transparent nor consistent, and that regulations are frequently changed.<sup>20</sup> As one Chinese scholar observed, “the environment for investment in Russia is unfriendly. The legal system functions poorly and corruption is rampant. Russia usually pays lip service but exhibits little action in cooperation.”<sup>21</sup> Experts note that, while Russian laws on foreign investment are very strong--“a model of clarity”-- implementation is generally uneven and “there is not much evidence regarding the effectiveness of the agencies that implement” the law.<sup>22</sup>

It appears that Russian-Chinese cooperation in the Arctic may hinge on the question of control and trust. With this in mind, the Yamal megaproject becomes especially interesting. As Alexeevna and Lasserre note, “Yamal LNG is a national flagship project” for Moscow, “with both economic and political implications not only for Moscow’s foreign policy but also for domestic strategy.” In a bit of uncomfortable contrast, the Yamal project is also “a showcase for China’s skills and competence in the development of Arctic resources that, in turn, will strengthen the Chinese presence in the region.”<sup>23</sup>

Understanding the Belt and Road Initiative also benefits from an extended consideration of shipping and maritime activity in the northwestern Pacific area. An interesting aspect of Sino-Russian cooperation is the potential development of origination points for shipping from Asia. The North Korean port of Radjin (also spelled Rajin) has been identified as possibly a strategically critical port for China.<sup>24</sup> Other alternatives include the Russian port of Zarubino, which is in the process of being upgraded through combined Chinese-Russian investment. Less than a dozen miles from Chinese territory, Zarubino is less politically fraught than Rajin, and also offers year-round access to the northern Pacific.<sup>25</sup>

#### a. Oil and gas

According to expert assessments, the Russian zone of the Arctic contains potentially 48 billion barrels of oil and 43 trillion cubic meters of gas, both significant shares of total Russian reserves.<sup>26</sup> Another estimate of the overall Russian endowment is 287 billion barrels of oil equivalent.<sup>27</sup> The Russian companies Rosneft and Gazprom dominate the region and have exploration plans in Shtokman, near Novaya Zemlya, as well as Yuzhno-Kirinskoye in the Far East, and Leningradskoye in the Kara Sea (Gazprom); Rosneft has plans in Khatanga, the Barents, and the Kara Seas.<sup>28</sup>

The sanctions have certainly impacted the development of Arctic oil and gas. Previously, Russia was dependent on American and Western technology for the exploitation of its more challenging oil and gas resources: should Russian (or Chinese) companies develop advanced capabilities in this area, the U.S. and its allies may lose an avenue of influence.

#### b. Minerals

A 2017 CNA report provided detail on Russian mining prospects and deposits.<sup>29</sup> Bai and Voronenko also highlight potential Russian-Chinese cooperation on rare earths mining in the Arctic. These strategic minerals are important to many advanced electronics and military systems. Rare earth deposits have been identified in the Kola and Taimyr Peninsulas and in Yakutia, and talks between Nor Nickel and General Nice Group (which is also developing rare earths in Greenland) are “in progress.”<sup>30</sup> In this way, mining in the Russian Arctic connects to broader strategic resource goals for Beijing, which has global interests in REE.

#### c. Fish

Another Arctic resource that may be of interest to China is seafood. The world’s two most productive fisheries are found in the region: the Barents Sea and the Bering Sea fisheries. As yet, there is no commercial fishery in the central Arctic Ocean; in fact, in 2017, a group of Arctic and

non-Arctic states, including China, signed an agreement to hold off on fishing in the central Arctic.<sup>31</sup> The moratorium is intended to give scientists enough time to adequately understand the structure of Arctic fisheries and prepare sustainable fisheries management plans. Chinese influence has been identified in the process of negotiating the moratorium.<sup>32</sup>

According to a study by the European Commission's Joint Research Center, China is the world's largest consumer of seafood on a total basis, at 65 million tons annually, although it is only ranked seventh in per-capita seafood consumption.<sup>33</sup> As global fisheries decline, the as-yet untapped seafood resources of the central Arctic Ocean may be increasingly in demand.

## **Section 2. Military Dimension**

### **1. Submarines**

The China-Russia relationship includes a military dimension, which in the Arctic context is centered around submarines. While a Chinese submarine has not yet surfaced in the Arctic Ocean, that achievement is considered likely within a decade, according to Lyle Goldstein of the China Maritime Studies Institute.<sup>34</sup> In support of this, he points to an April 2018 paper in a leading Chinese scientific journal, the *Chinese Journal of Ship Research*, on submarine hull design for surfacing through ice. The abstract for this paper notes, “With deepening research on the geographical and climatic environment of the Arctic, the political and military value of submarines in the region has been well recognized.”<sup>35</sup>

Chinese military capabilities are advancing. The Chinese navy, PLAN, is increasingly focused on long-range missions that will take their platforms farther and for longer periods of time. By 2020, according to a 2018 OSD assessment, China will likely field between 69-78 submarines, mostly diesel-attack but with some SSBNs and SSNs.<sup>36</sup> By the early 2020s, China will begin construction on its next-generation SSBNs, the Type 096, which will be armed with JL-3 SLBMs. A 2015 Office of Naval Intelligence (ONI) report, while not mentioning the Arctic specifically, noted that the PLAN is increasing “expected to defend major SLOCs” and this new and expanding role for the Chinese Navy will demand “the capability to sustain a maritime presence in strategic locations, in hostile conditions, and for extended periods.”<sup>37</sup> China and the PLAN are moving purposefully in the direction of multi-mission naval capabilities in service of grand strategic objectives “to preserve China’s interests and commensurate with its role as an emerging major power.”

PLAN submarine operations already include the North Atlantic, and observers suggest that Arctic operations are likely to soon become an element of PLAN missions.<sup>38</sup> In addition, Chinese ocean science in support of military operations and seabed mining is highly advanced and may surpass U.S. efforts.<sup>39</sup>

In June 2018, the Chinese nuclear corporation opened a call for bids for the country’s first nuclear-powered icebreaker.<sup>40</sup> While China has two icebreakers already, a nuclear-powered icebreaker would mark both a significant advance in polar capabilities and a step towards fielding a nuclear-powered carrier.

The military cooperation between China and Russia has been described as “a more balanced (though limited) security partnership between two countries that are neither adversaries nor allies, but share certain security concerns such as...balancing the United States and its allies.”<sup>41</sup> The extent to which Russia is willing to share its expertise in Arctic submarine operations with China may be an indication of the limits of their security partnership.

## **2. Russian remilitarization**

Any Sino-Russian security partnership in the Arctic will be vastly complicated by the high priority of the Arctic in Russia's overall grand strategy. A NATO analysis of Russian Arctic strategy and policy concluded in 2018 that Russian policy language reflects an increased emphasis on national security in the Arctic, and a growing belief that "security is a precondition for successful resource development" in the Russian Arctic.<sup>42</sup> The analysis observed, "the Arctic has emerged as a region of immense importance in Russian strategic planning." The Arctic region is a core national interest for Russia. In recent years, Moscow has made strong statements of its intentions to build out the infrastructure required to fully secure the Russian Arctic. While these declarations of intent have not yet been fully funded, some construction has indeed moved ahead. (For more details, see Appendix 3.)

In particular, in 2014 Russia established the Arctic Joint Strategic Command. In addition, Russia has moved ahead with upgrading and extending its airfields along its northern perimeter. To the west, on Franz Josef Land, the Nagurskoye airbase was shown off in 2017 with great fanfare.<sup>43</sup> The base has a 2,500 meter airfield that was recently resurfaced to accommodate heavy planes all year round.<sup>44</sup>

As one expert noted: "Rebuilding and upgrading regional military infrastructure and enhancing command and control have emerged as consistent themes in Russia's strategic thinking on the Arctic. The formation in December 2014 of the Arctic Joint Strategic Command (AJSC) as the fifth military district of Russia, with the Northern Fleet as its mainstay, reflected the priority that Russia began to attach to the defense of the Arctic."<sup>45</sup>

However, interpretations of Russian military construction vary. A 2016 "Report on Arctic Policy" by the International Security Advisory Board (ISAB), a federal advisory committee of the US State Department, devoted considerable attention to Russia's interests in the Arctic. Regarding Russian (re)militarization of the Arctic, the ISAB report concluded:

In many respects, these military activities by Russian forces in the Arctic are simply the sort of things that any similarly-situated nation would undertake consistent with its military resources—to defend a major source of resources and revenues, protect the survivability of a key element of its nuclear deterrent, and assert its sovereignty. They are also elements of a return to a prior level of activity after the hiatus following the collapse of the Soviet Union as additional resources for all military purposes become available to the Kremlin. In this sense, the Russian military effort in the Arctic is defensive—to forestall successful US and NATO operations in the region, should such be mounted in a hostile environment, and to ensure the survivability of Russia's sea-based nuclear deterrent...Russia both fears NATO expansion into the Arctic and regards a strong Russian military posture in the region as supporting its overall military potential. (24-25)

It is important to underline that the Arctic is a core national interest for Russia. If Russia's leaders indeed have a grand strategy, developing the Arctic is one of its objectives. In addition, the bulk of Russia's strategic forces are concentrated in the Kola Peninsula in the western Arctic. As a result, the Arctic is among the most sensitive parts of Russia and among the top security priorities.

Chinese experts appear to recognize that Russia perceives a security problem in the Arctic. One of China's leading scholars of international politics wrote, "Russia's northern border is no longer peaceful. As for China, developing strategic ties with Russia can help it in 'stabilizing its northern border so that it can turn to the ocean' - in other words it can give it more space to deal with maritime disputes with its southern neighbors."<sup>46</sup>

### **3. Icebreakers**

Icebreaking ships are the only means of ensuring year-round surface access to the Arctic Ocean. Without assured access, states may face limits on their freedom of action to respond to various contingencies. Russia, which geographically dominates the Arctic basin, operates the largest fleet of icebreakers as a matter of course. Its icebreakers are used to keep ports and shipping channels open for commercial activity, as well as for other purposes. China has recently embarked on an icebreaker building program: its first icebreaker, the Xue Long, was purchased; it recently completed domestic construction of its second, the Xue Long II, and it has plans to construct a nuclear-powered icebreaker. In contrast, the U.S. icebreaker fleet has been shrinking, with just two polar-capable icebreakers currently active: the POLAR STAR, and the HEALY, which is primarily a research ship. With missions in both polar regions, the U.S. cannot maintain adequate surface presence in its Arctic EEZ.

While icebreakers are not a sufficient indicator of Arctic strength, they are a recognizable symbol and play an important role in Arctic public diplomacy. They are also important enablers for a variety of maritime activity, and will be increasingly important as Arctic traffic increases and ice conditions become less predictable.



### **Section 3. Political Dimension**

There is a strong political dimension to China-Russia cooperation in the Arctic. Beijing is seeking to legitimate its interest in the region, and gain a shaping role in the future of Arctic development. Partnering with Russia, the dominant Arctic power, is unmistakably desirable. This may be one of the weakest areas of PRC-RUS relationship, as Russia wants Chinese investment in the Arctic, but doesn't want to cede any authority. Russia appears reluctant to grant China a greater voice in Arctic governance (or any other non-Arctic state).

In addition to partnering with Russia, China has been seeking political influence across the Arctic, with all other Arctic states, not just Russia, through both bilateral and multilateral channels. One way has been through pursuing observer status at the Arctic Council, which is the highest-level intergovernmental forum and de facto governance organization for the region.

#### **1. A Shaping Role for China in the Arctic**

The Chinese journal *Advances in Polar Science* published an article co-authored by Russian and Chinese scholars, which directly addressed Sino-Russian cooperation in the Arctic region. The authors summed up the alignment of Russian and Chinese interests in the Arctic in this way: "Russia is interested in Chinese investments and technology; in turn, Russia can grant China access to mineral resources and the NSR...Furthermore, through cooperation with Russia, China can expand its role in the Arctic [C]ouncil and the process of formulating the regional agenda."<sup>47</sup> The authors observed that Russia and China "can play a major role in forming the system of international relations in the Arctic using their advantages and authority."<sup>48</sup> In addition, "cooperation with Russia will give Chinese actions in the region more validity."<sup>49</sup>

Beijing is clearly aware that its efforts to gain a seat at the Arctic table have not been uniformly welcomed, and that Russia in particular has mixed opinions. Nong Hong observes that "[u]nfortunately, China's intentions have been met with suspicion by Arctic states" and identifies Russia, Canada, and Iceland as the most "vigilant"; she specifically notes "the vigilance of the Russian military" regarding Chinese interest in the Arctic.<sup>50</sup>

#### **2. Arctic Council**

Established in 1996, the Arctic Council is a fairly weak, yet highly effective and widely praised forum. While its decisions are nonbinding, it functions on a consensus basis and has successfully facilitated the adoption of three international agreements: the 2011 agreement on Arctic SAR, the 2013 agreement on oil spill response, and the 2017 agreement on scientific cooperation. While only the eight Arctic states have votes at the Arctic Council, the Indigenous peoples of the Arctic region are represented by their organizations as Permanent Participants, and are able to fully participate in discussions. In addition to these participatory categories, there is a category of Observer states and organizations. Observers do not have equal right to participate in Council discussions, but may attend meetings and participate on invitation. China was granted Observer

status in 2013 after years of effort. In part, the delay in admitting China to the Arctic Council as an observer was due to Russian reluctance: “the Russian government initially expressed wariness about allowing Beijing any formal role within the organization”, according to Marc Lanteigne.<sup>51</sup> However, other observers also point to Canadian reluctance to admit China and other observers.<sup>52</sup>

In January 2018, the State Council Information Office of China published a white paper on “China’s Arctic Policy.” This long-anticipated statement of China’s official Arctic policy has received a great deal of analysis. A helpful explanation came in March 2018 from the Washington-based, Chinese-funded Institute for China-America Studies. This report very clearly stated China’s approach to gaining influence in Arctic decision-making:

China is also active in promoting bilateral relations with Arctic states for strategic purposes...China should deal with Arctic states on an individual basis...This way, China will have much more leeway for strategic operations. This one-on-one model is similar to China’s stance in the South China Sea issue, where China insists on bilateral rather than multilateral negotiation...China is trying to expand its influence by bolstering relations with five North European countries...Iceland, Denmark, Norway, Sweden, and Finland. Cooperation with these countries is not only aimed at acquiring resources, but also to expand China’s influence in the Arctic...the Northern European states are not strong enough to compete with Russia or with their ally the United States—both state parties in the Arctic region—so these states are willing to turn to China for help. If China can establish a long-term strategic cooperation mechanism on Arctic affairs with the Northern European states, it will achieve a greater say in Arctic affairs.<sup>53</sup>

As this quote illustrates, Russia is not the only focus of Chinese interest in the Arctic. In fact, China’s influence-seeking strategy may be even more of a problem for the United States vis-a-vis the small Nordic countries, which may be more vulnerable.

The example of Norwegian-Chinese relations is illustrative. In 2010, following the awarding of the Nobel Peace Prize to Chinese dissident Liu Xiaobo, “for his long and non-violent struggle for fundamental human rights in China,”<sup>54</sup> the Chinese government retaliated by imposing import controls on Norwegian salmon that effectively closed the market.<sup>55</sup> For six years, Norway worked to restore relations with Beijing, and finally succeeded in 2016—at the cost of an extraordinary joint declaration:<sup>56</sup>

Due to the Nobel Peace Prize award and events connected to the Prize, China-Norway relations have deteriorated. The Norwegian side is fully conscious of the positions and concerns of the Chinese side and has worked actively to bring the bilateral relations back to the right track...The Norwegian Government reiterates its commitment to the one-China policy, fully respects China’s sovereignty and territorial integrity, attaches high importance to China’s core interests and major concerns, will not support actions that undermine them, and will do its best to avoid any future damage to the bilateral relations.<sup>57</sup>

One way in which China may be pursuing bilateral relationships and influence with Arctic states is via foreign direct investment. A CNA study led by Mark Rosen on foreign direct investment in the Arctic highlighted the influence of Chinese FDI: “Our concern over Chinese FDI in the Arctic is that the historical impact of Chinese FDI abroad does not evoke much confidence in the practices and policies of Chinese investors.” In addition, the CNA report observes, “there are ways in which FDI can affect sovereignty.”<sup>58</sup> For example, Greenland has recently been the subject of a great deal of speculation about Chinese investment for geopolitical-security motives.<sup>59</sup>

### **3. Sanctions**

Many analysts point to 2014 as a turning point in Russia-China relations overall, and in Arctic cooperation more specifically.<sup>60</sup> More bluntly, many observers identify a downturn in U.S./West-Russia relations, specifically the sanctions, as pushing Russia towards China.<sup>61</sup> Medeiros and Chase have observed that, “[f]or China, the Western sanctions on Russia...were a welcome buying opportunity.” China was happy to fill the market gap created by sanctions, “but requested ‘friendship’ prices, of course.”<sup>62</sup> Liu Fenghua of the Chinese Academy of Social Sciences observed in 2016 that “[s]ince the outbreak of the Ukraine crisis, the US has once again chosen to contain China and Russia simultaneously, thus greatly enhancing China-Russia strategic partnership.”<sup>63</sup> While the sanctions are an important element of the broader U.S.-Russia relationship, their effect on Sino-Russian cooperation in the Arctic may be an unintended outcome.

### **4. Russian political transition**

Between April 2021-2023, Russia will hold the chair of both the Arctic Council and the Arctic Coast Guard Forum. Meetings of these groups will be held in Russia. With President Putin’s final (presumed) term ending in 2024, this spells potential complications for U.S. Russia and Arctic policy. If the Russian government restricts political demonstrations, for example, the U.S. and its allies may choose to cancel participation in planned Arctic Council meetings as a means of expressing disapproval; conversely, participation in such meetings, even in the face of political repression might signal tacit approval.

-Either way, Arctic governance will be directly joined to U.S.-Russian relations in an unusually direct manner, with potentially grave implications. Thus far, the Arctic states have managed to preserve cooperation despite political tensions. The upcoming Russian chairmanship of the Arctic Council (and ACGF) will be a test of Arctic cooperation.

#### **Section 4. Implications for the U.S. and Potential Actions**

For the U.S. and its allies and partners, the route forward might effectively combine both raising the costs of China-Russia cooperation in the Arctic, and offering Russia alternatives to Chinese dependence. U.S. efforts should also include a focus on the small Arctic states that are vulnerable to Chinese influence.

One important action, which would signal American commitment to the region and prioritization of Arctic affairs, would be to fully fund the USCG polar security cutter program. Without visible surface presence in the region, and year-round all-access capability, the U.S. remains at a disadvantage. Heavy icebreaking capability would also enable U.S. Navy surface operations, facilitate more robust scientific monitoring, and support other demonstrations of sovereignty.

Decision makers need better information about the extent of Chinese influence in the Arctic region, including FDI in critical infrastructure, as well as diplomatic and social influence. Much of this information is not synthesized and monitored over time, nor linked to other key regions like the Indo-Pacific, Africa, or Latin America. Support for additional and ongoing research would improve awareness and inform policy action.

It is important to shore up relations with Nordic allies, in particular Denmark/Greenland, Norway, and Iceland, to build a common consensus and dialogue on China in the Arctic. The Denmark/Greenland relationship, in particular, would benefit from the following:

- Senior-level USG delegation/port call to demonstrate commitment and support; targeted effort to develop business opportunities; and cultural and educational exchanges, in particular through funding for Fulbright in Greenland (with University of Greenland).

The concept of an Arctic Development Bank, which would provide an alternative funding mechanism for badly-needed Arctic development projects, has been proposed. This concept could be advanced through additional hearings and discussion. For more information on the ADB concept, please see the CNA report, “Unconstrained Foreign Direct Investment: An Emerging Challenge to Arctic Security” (2017).

## **Appendix 1. Oil and Gas Projects in Russia**

According to OECD data, Russia is one of the top three oil-producing countries in the world, the others being Saudi Arabia and the United States.<sup>64</sup> Russian oil production has been gradually increasing in recent years, and now is over 0.5 million TOE. In 2017, Russia became the largest exporter of oil in the world, surpassing both Saudi Arabia and the US.<sup>65</sup> In addition, Russia is the world's largest exporter of natural gas as well. According to World Bank analysis, the Russian macroeconomic outlook is modestly positive: "Overall, a sound macroeconomic framework, with relatively high levels of international reserves (\$461 billion), low external debt levels (about 29% of GDP), and comfortable import cover (15.9 months), positions Russia well to absorb external shocks. Russia's growth prospects for 2018-20 remain modest, forecast at 1.5-1.8%. Higher-than-expected oil prices could favorably affect the growth forecast."<sup>66</sup> However, oil and gas exports still make up 59% of export goods in 2017 and about 25% of fiscal revenue, making Russia overly dependent on these exports; metals make up another 10.4% of exports; overall, raw materials (including energy products, metals, wood products, precious metals and stones, and other minerals) comprise well over ¾ of Russia's exports.<sup>67</sup>

### **- Power of Siberia pipeline**

The Power of Siberia pipeline, currently under construction, will carry gas from Irkutsk and Yautia, in eastern Russia, to China.<sup>68</sup> It will run roughly 3000 km, and carry 38 billion cubic meters of gas per year. In 2014, Gazprom and the China National Petroleum Corporation (CNPC) signed a contract, in the presence of Presidents Putin and Xi, that obligates Gazprom to supplying 38 bcm of gas annually to China for 30 years. According to Gazprom's Alexey Miller, this is "the biggest contract in the entire history of the USSR and Gazprom" and \$55 billion USD will be invested in construction of the production and transmission facilities.<sup>69</sup> Power of Siberia is in addition to earlier gas deals between Russia and China, including agreements in 2009, 2010, and 2013. Under these, Russia will eventually send up to 68 bcm of gas to China each year. The pipeline will cross the Russia-Chinese border by running under the Amur River at Blagoveshchensk.

### **- Chinese rigs**

In 2017 and 2018, a Chinese offshore oil rig, the Nan Hai Ba Hao, explored for oil in the Russian far north.<sup>70</sup> In 2017, the rig made a significant discovery in the Leningradskoye field, and in 2018 it explored in the Rusanovskoye field, both of which are under development by Gazprom. The Chinese rig was brought to Russia by the Chinese heavy lift vessel Hai Yang Shi You 278.

### **- Yamal gas**

The Yamal LNG project, which came online in 2018, made a major contribution to Russia's economy, and "boosted" Russian LNG production by 70.1%, according to Bloomberg.<sup>71</sup>

A new giant gas project is in the works, Arctic LNG 2, located in the Gydan peninsula near the existing Yamal megaproject.<sup>72</sup> The new project is projected to produce nearly 20 million tons of LNG per year, most of which will be shipped via ice-capable tankers east to Asian markets. Linked to the Arctic LNG2 project are the port of Utrenneye and a new airport. Novatek, which is developing the project, is reportedly in talks with Saudi Arabia, China, and Japan, and has already secured investment from the French company Total.

“About 90% of Russia’s natural gas and about 12% of oil is today produced in the Yamal Nenets region, and a number of new fields are up for development in the years to come. Among them are the Tambey fields that are believed to hold more than 7 trillion cubic meters of gas.”<sup>73</sup>

The Guangzhou Shipyard International just completed an icebreaking tanker, with Arc7 (highest) ice class rating, designed by Aker Arctic.<sup>74</sup> The tanker, “Boris Sokolov”, will carry LNG from Sabetta in the Yamal Peninsula, to markets in Asia and Europe. It is capable of breaking up to 2 meters of ice, and sailed the Northern Sea Route in January 2019 without icebreaker escort.<sup>75</sup>



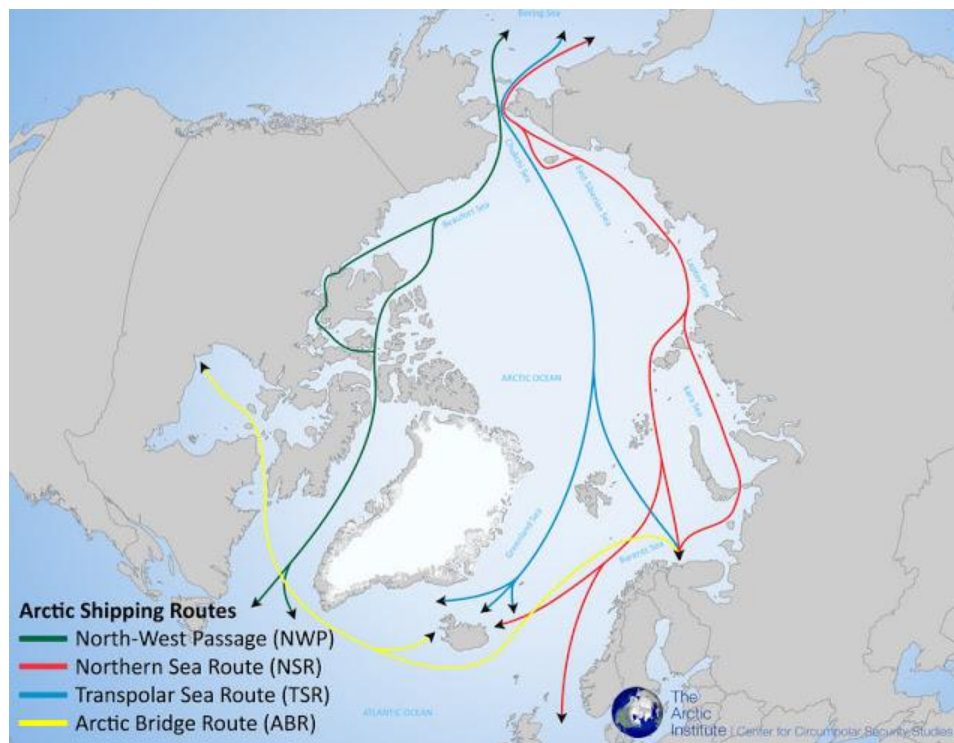
## Appendix 2. Northern Sea Route (NSR) details

### 1. Traffic

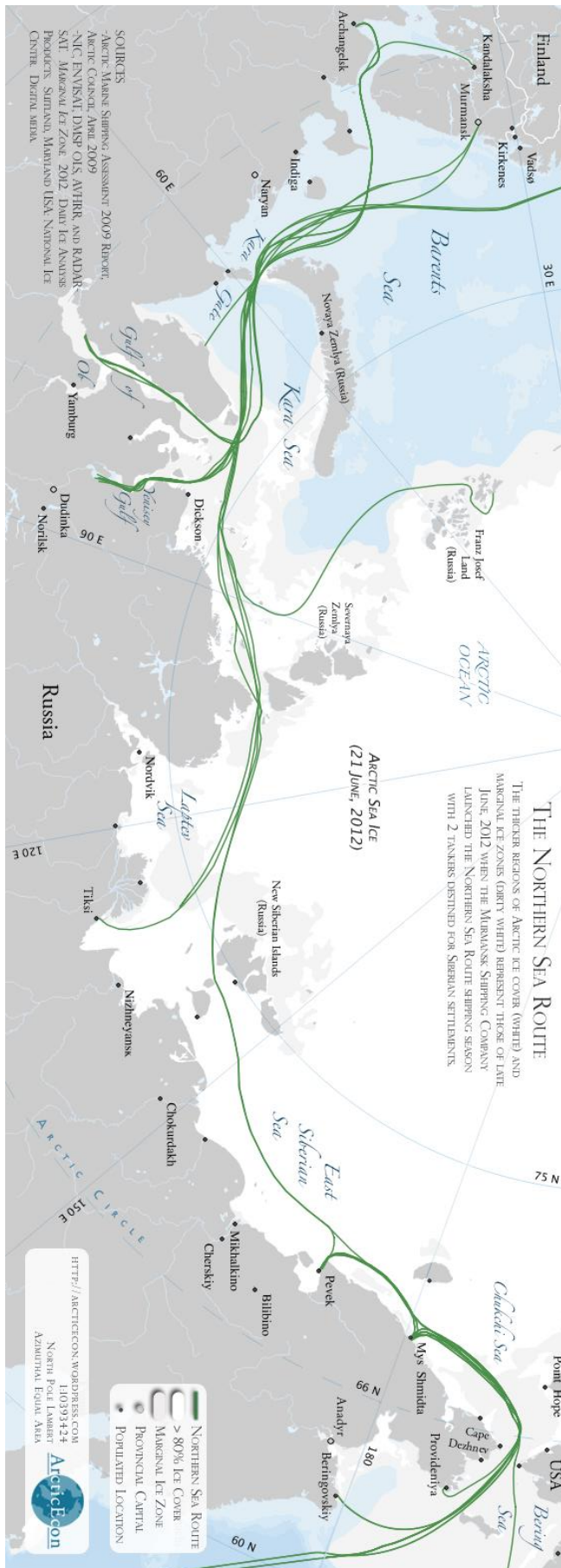
- According to the Center for High North Logistics, in 2017 there were 1908 voyages in the Northern Sea Route:

From Europe to NSR	54
From Asia to NSR	12
Transits	27
Between NSR ports	591
From East Russia to NSR	30
From West Russia to NSR	537
From NSR ports	657

### 2. Figures



*The views expressed here are solely those of the author and do not represent the views of the U.S. government, the U.S. Navy, or the Naval War College*



### Appendix 3. Russian military build-up in the Arctic

- In December 2015, the AJSC received its own air force and army with the formation of the 45<sup>th</sup> Air Force and Air Defense Army of the Northern Fleet. According to Russian sources, 50 bases are expected to be built across the Arctic.<sup>76</sup>
- According to CIMSEC,<sup>77</sup> since 2015 Russia has built and/or upgraded airbases on Franz Josef Land, Severnaya Zemlya, Wrangel Island, Kotelny Island, Novaya Zemlya, and on the mainland at Mys Shmidta. There are Navy bases on Kotelny Island and Alexandra Land. Ground forces include the 99<sup>th</sup> Arctic Tactical Group on Kotelny Island and two Motor Rifle Arctic Brigades stated in Murmansk.
- The Arctic Joint Strategic Command, established in December 2014, controls all of these, in addition to other combat units, radar stations, and other units in the region.
- A large year-round airbase is under construction on the New Siberian Islands. Another anti-aircraft base is under construction in Tiksi, which will become part of the 45<sup>th</sup> Army.<sup>78</sup>
- The Moscow Times reported in March 2019 that “New air defense formation units will soon be placed” in Tiksi, and that the Northern Fleet will receive coastal defense missiles as well as a Tor-M2DT short-range air defense missile systems.<sup>79</sup>

#### Russia Maintains Strong Base Presence in Arctic Region



\* Rescue centers have potential for dual-purpose use as military installations.  
SOURCE: Heritage Foundation research.

heritage.org

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### PANEL III QUESTION AND ANSWER

CHAIRMAN BARTHOLOMEW: Thank you very much. Interesting testimony from all of you.

We'll start our questioning with my Co-Chair, Commissioner Kamphausen.

COMMISSIONER KAMPHAUSEN: Thank you, Chair.

Three questions, one for each of you.

First, Dr. Laruelle, it seems to me that you've described a circumstance or a situation in which there is an uneasy shared view about how to operate in Central Asia. I'm not saying it as well as I would like. But how sustainable is this? Project out maybe a decade, if you would, and see where the trend lines will go, how they will play out with each country.

For Dr. Kendall-Taylor, in the Middle East it's been my observation that China, and particularly the Chinese military, has observed that this has been a great strategic mistake on the part of the United States, our overcommitment, and they tend to undervalue the reasons of our commitment. But they view this as a drag and actually contributing to our strategic decline.

What incentives are there, then, for China to play a more active role over time, having observed that? I think you properly note that they are not perceiving themselves to have an opportunity to be very active, but perhaps judge in your mind whether, in the circumstance of U.S. retrenchment, even modest, how would that affect the interplay between the two, Russia and China, in the Middle East?

And for Dr. Pincus, wonderful testimony that gives us, I think, an excellent appreciation for where we are at the moment.

You may have heard Professor Sutter earlier today talk about the very personalized, and he didn't use the word "intimate," but the impression one gets is that it's almost at that level between Xi and Putin.

Speculate, if you will. Is this a topic that they are personally engaged on? Do they talk with each other? Do they engage about the future of the Arctic? Or is it really at a much lower level, functional kind of interaction among bureaucracies?

Thank you.

CHAIRMAN BARTHOLOMEW: All right. Go ahead and start, Dr. Laruelle.

DR. LARUELLE: Yes, thank you.

I think the sustainability of the Russia-China division of labor in Central Asia, we would be depending, in fact, on the broad trajectory that the two countries will have, more than what is really happening in Central Asia. The general forecast for the Russian economy is to contract, right, to be more kind of limited in the forthcoming years, and I think, progressively, we will be seeing Russia less and less efficient economically in Central Asia. It will still keep some element. Just because of the geographical continuity, it will probably still have some leverage, at least on Kazakhstan.

The Chinese economy will probably still be there, and China, the main trade and investor or partner in the region for Central Asia in the years and the decade to come, but China will have to face really important issues of how it is perceived by the Central Asian public opinion. And we see that Sino phobia has been on the rise in Central Asia. And the recent Chinese strategy of interning Uighurs in camps has been creating some popular reaction, especially in Kazakhstan.

So, I think the only moment where the relationship could be challenged is that if the years to come suddenly China decides to be more engaged on the military strategy aspect. In that case, either both countries find ways to negotiate Russia progressive role in China, progressive

increase of military cooperation, or they could more kind of find themselves in more clashing situation.

The only moment where I think Central Asia could in itself come up with partly a solution is that if we would see in the decade to come a kind of Central Asian regional unity or a collective strategy of the five countries to try to work together to slowly push away a little bit both Russia and China, and to try to protect their own region and to work with themselves more than with the others.

So, that is kind of the long-term trend that we would see for the decade.

DR. KENDALL-TAYLOR: On China and what might get it to play a larger role in the Middle East, you're absolutely correct in saying that China is not a significant security provider in the region. In fact, China has kind of shied away and proactively sought to avoid making any security commitments in the region.

And your point is also right that they've actually quite enjoyed the United States kind of being bogged down, from their perspective, and kind of the more resources and time and energy that the United States has to spend in the Middle East is less than we have to allocate to the Pacific. And so, from that perspective, China is quite happy to see the United States remain engaged and bogged down in the Middle East.

But the question of whether China will expand its security presence is a good one. And we've seen in the last couple of years China playing a much more significant and proactive role in the region. The Belt and Road Initiative has been a significant driver of that. Clearly, China gets a lot of oil and resources. The Middle East is China's second-largest provider of oil after Russia. So, they're certainly dependent on the energy that it gets from the region. But the Belt and Road Initiative has also been a really significant push for China, and the amount of Chinese investments in the region has really increased.

And so, I think what we are starting to see are some early signs domestically in China for pressure for Beijing to play a more significant role in the region to protect those investments. And it's also notable that there are also thousands of Chinese workers working across the region. So, there is some domestic pressure to get China to do more to protect its investments and protect Chinese citizens in the region. So, I think that will be the key role.

But, looking forward, as long as the United States is there and as long as the United States is providing the security that the Chinese need, they're happy to free-ride. And so, I think for the foreseeable future it's hard to imagine China playing a more significant role in the region.

DR. PINCUS: Well, I can't say for sure what President Xi and Putin talk about during their meetings.

(Laughter.)

DR. PINCUS: I would say that, yes, absolutely, the Arctic is on their agendas. The Belt and Road Initiative is President Xi's, one of his most highly visible personal initiatives. It's something that he has made a key part of his platform.

And for President Putin, the Arctic is, similarly, a key part of his program. Developing the Arctic, using that as a springboard to regain great power status is just a key plank in his platform.

And the decision to roll the Northern Sea Route and Arctic development into the Belt and Road, therefore, could only have been reached at the highest levels between those two. That decision was formally announced in 2018, that the Northern Sea Route project would be folded into the Belt and Road Initiative. It's called the Arctic Silk Road, the Ice Silk Road, the Polar Silk Road. But it's this sort of massive crossover project, and those two men would have to have

signed off on that decision.

At the bureaucratic level, I think that's where more of the friction over actual negotiations, rubber-meets-the-road problems are popping up, because it's requiring both sides to find some kind of compromise over the terms of control, and there's been some friction there. But I think at the highest level there's definitely ongoing active dialog between these two leaders about Arctic cooperation specifically, and it advances both of their goals, personal leadership goals as well as broader political goals.

CHAIRMAN BARTHOLOMEW: Admiral McDevitt?

COMMISSIONER McDEVITT: Thank you.

Fascinating testimony. Thank you, all three, for informing me.

For Dr. Laruelle, you talk about China having a wait-and-see approach to Afghanistan. Could you elaborate on wait and see? In other words, there's lots of rumors about China helping to construct some sort of a facility there on the Afghan-Chinese border. We have the Uighur issues in Xinjiang and how that is having -- the Chinese are certainly very concerned about terrorism spreading into Shenzhen.

So, the question is wait and see sounds to me like maybe perhaps more passive than I would have expected Beijing to be. And so, could you kind of pull the string on that a little bit for me?

For Dr. Kendall-Taylor, a couple of questions. I'm old enough to remember the Cold War when we had Soviet units hanging around in Syria and elsewhere in the Mediterranean, and what have you. So, beyond helping Assad stabilize his government because Syria and Russia have had a long-term relationship, and what have you, is it safe to predict that we're going to have a Russian naval deployed presence using bases in Syria for the foreseeable future in the Eastern Mediterranean?

And related to the Eastern Mediterranean, for the Chinese, we know that they've made a number of periodic show-the-flag voyages around the Eastern Med after their units have completed their anti-piracy responsibilities. And obviously, the Chinese have big economic interests in Greece and coming potentially in Italy, and what have you. So, the Eastern Mediterranean has growing strategic salience perhaps. So, can we look forward to the PLA Navy in the region?

And here's the million dollar question. My fellow Commissioner and I have been talking about this. What are the Chinese up to in Haifa? Are they looking for a place in the Eastern Med that they can call themselves or use themselves, or are they going to be happy with Piraeus? Or is there something else going on?

And finally, Dr. Pincus, a question. You didn't mention the Law of the Sea. And so, naturally, as a sailor, I have to ask you about the Law of the Sea. So, what are the Russians up to in terms of their claims there along in the Arctic, and are those claims in consonance with the Law of the Sea? Or are, in fact, the Russians now adopting Chinese interpretations of what sort of activities are going to be permitted in the exclusive economic zone along the north coast of Russia?

DR. LARUELLE: So, yes, to comment on the Chinese position to Afghanistan, I would disassociate China's position to the Taliban and China's position to all the Islamic States. I think China's wait-and-see position related to the negotiation with the Taliban, because they are not at the table of negotiation, they know it's already complicated enough and they don't really have a say to that. So, they are just getting informed through the Pakistani.

And I think China has already built this experience that you can find non-aggression

agreements with the Taliban in terms of you negotiate through the Pakistani partners to be sure that Chinese assets will not be too directly attacked by the Taliban. So, there is room for negotiation, and therefore, I think on that side China is in this wait-and-see position because it's Pakistan which is kind of at the maneuver on negotiating how things are evolving.

On the role or the place of the Islamic States in Afghanistan, I think there China is more proactive. But it's part of a broader strategy. So, yes, China is interested in trying to build something in the Wakhan Corridor because that's the direct way to the Uighurs and to Xinjiang, and then, clearly, they have every interest in trying to stop everything that could happen at the border.

But I think it's part of the Chinese more general concern about the fact that all the Belt and Road Initiative project could be attacked by the Islamic State. It's not only what they have in Afghanistan. It's the Gwadar Port in Pakistan. It's the military base. So, there are many of their new construction of these BRI that can potentially be under attack by the Islamic State.

And, of course, what is happening with the Uighurs in Xinjiang has suddenly become kind of an element of widespread decision by the Islamic State or any kind of other groups to attack Chinese assets all over the world. So, I think, on that, they are more proactive. On the Taliban, they let Pakistan manage the relationship.

DR. KENDALL-TAYLOR: Okay. On the first part of the question, are they here to stay, the Russians in the Mediterranean, and I think the answer is yes. The Russians are not going away. They have a strategy to weaken the United States, and the Middle East provides another venue for them to do that.

As you noted, kind of Russian incentives to get involved in the Syria conflict, well, of course, they wanted to shore up Assad and demonstrate -- they were very clear that they didn't want Assad to be another Qaddafi. And they were committed to not letting the United States pursue this kind of repeated pattern of what they see as the United States toppling unfriendly regimes. So, they were going to, first and foremost, buttress the Assad regime. But I think a kind of close second was maintaining access to their bases in Tartus.

And they're certainly here to stay. When you kind of step back and think about it, for Russia and for Putin, the Middle East has been one of his most important foreign policy accomplishments. In the span of less than a decade, the Middle East has gone from a region where we've had the United States as the overwhelming superpower to one where now Washington has to compete with Moscow, and he's not going to give that up easily.

And so, we have seen in all of the things that he's done, he's now an alternative to the United States. He's managing to weaken some of the bonds between the United States and some of our longest-standing allies in the region, the Egyptians, the Saudis.

And so, Tartus was an important factor in his decision. They've now secured the lease and they'll be there at least for the next 49 years. But I think the United States should anticipate that they're not going away, that they're in the Middle East. Oftentimes, the United States gets in the Middle East with the goal of getting out, and I don't think that's how the Russians see it. They're in it to stay. So, I think we expect a long-term presence there.

On the China side of the equation, I think what we know at this point is that China is, again, going to be very wary of enhancing their security presence in the region. And certainly doing things that would kind of upset or antagonize the United States, that's going to be an important calculation.

And the Chinese also have very little kind of expeditionary capacity. So, I think it's a question of whether or not they would be able to sustain that kind of presence in the Middle East

at the moment.

We certainly have seen early forays. Djibouti you talked about, and we have seen the Chinese there. And those actions could presage a great presence in the region, but, again, at the moment it's not clear that the Chinese have the military resources for a sustained presence in the region.

COMMISSIONER McDEVITT: On Haifa?

DR. KENDALL-TAYLOR: You know what? I actually am not as familiar with what they're doing in Haifa. So, I intentionally skipped that part of the question.

(Laughter.)

CHAIRMAN BARTHOLOMEW: If you have a chance, could you just submit something for the record?

DR. KENDALL-TAYLOR: I can.

CHAIRMAN BARTHOLOMEW: Thank you.

DR. PINCUS: Admiral, thank you for your question about the Law of the Sea. When we talk about Russian claims in the Arctic under the Law of the Sea Convention, there's two separate pieces to that. One piece is the Extended Continental Shelf, which is a submission process that goes through the Commission on the Limits of the Continental Shelf, CLCS. It's set up under the Law of the Sea.

Russia has submitted a pretty large claim to the Extended Continental Shelf, most of the Lomonosov Ridge, the North Pole. That submission has been sent back twice by the Commission for further scientific data. Russia has complied with those requests and has gone out and gathered more data. So, they have submitted a large claim, but they have complied with the process to the best so far.

And I would note that their claim overlaps with similarly broad claims on the part of both Denmark, and the Canadian claim is probably going to be coming out this summer, but Canada's also going to be claiming the North Pole.

The CLCS Commission is not going to adjudicate those claims themselves. They merely adjudicate whether or not the Continental Shelf is an extension of the coastal state. So, that process will be worked out on the basis of negotiation among the parties.

The other piece of UNCLOS claims is the Northern Sea Route, which is a section of the Northeast Passage sailing across the northern coast of Russia. Russia points to Article 234 of UNCLOS, which permits coastal states to apply special regulations in primarily ice-covered waters in the interest of protecting the environment and human safety. They have drawn straight baselines around their Arctic islands and closed those waters, declared that they're internal, and placed special restrictions on navigation in the NSR.

That management regime has changed over time. So, they used to require icebreaker escort. They've dropped that requirement. They've put in some new requirements. They just issued some new regulations last week that will require ships to carry a Russian ice pilot onboard. So, that regulatory regime is evolving, and there's some churn on the Russian internal side there.

But that claim is very similar to Canadian claims about the Northwest Passage. So, again, they're making claims with which the United States does not agree and which other parties do not agree, but those are similar to claims made by Canada right across the Arctic Basin. And so, while they might be a source of some disagreement, there's often this perception that they're extremely aggressive. And I would note that they're similar to other claims that are being made by states in the region. So, that's an important piece to remember.



Thank you.

CHAIRMAN BARTHOLOMEW: All right. Senator Goodwin?

COMMISSIONER GOODWIN: Thank you.

And thank you all for your testimony.

We heard a lot this morning about the relative strength of these two partners in this alliance and the suggestion was offered repeatedly that Russia is the subordinate partner, an assertion I think is certainly accurate.

But I think all three of you in your testimony broadly touched on this implicit division of labor, as you put it, Doctor, where China is the dominant economic partner, but Russia maintains and dominates the strategic space, engaging on the world stage, wanting to be a leader in these international governance bodies, like those covering the Arctic. And it does want or have any interest in ceding that authority.

My question is whether this aspect of the relationship, and this implicit division of labor, broadly speaking, not just in the specific regions where this dynamic may be short-lived, as China seeks to expand its security presence perhaps initially, as you suggested, Dr. Kendall-Taylor, in those instances where it's necessary to protect investments and their economic interest in Chinese Nationals around the globe -- but in five years will this division of labor remain intact? And if so, what will it look like?

DR. LARUELLE: Yes, I think on the long run China is interested in expanding its security presence globally, but I think they will be very careful in that, and they will always try to have it targeting their economic assets in the world, right? So, the goal is not to have this general security presence like Russia considers it should have a sign of its great power. China will be much more targeting exactly where it needs to have some form of kind of security presence. So, I don't think it will necessarily kind of conflict with what Russia is hoping to achieve.

Where I see another way where they are cooperating is everything related to the internet world, the cyber world, where really you can see that the way China has been building this new kind of digital role and digital control of its population is something that is progressively quite attractive for Russia. It was not a few years ago. Russia was a very open country in terms of its access to the internet. And now, you see both countries, but really Russia arriving with its narrative of internet sovereignty and cyber sovereignty. So, here there is a real-world opening where they can interact with Russia in achieving these kinds of internet sovereignty, and China providing the software and the technologies.

So, I think they have still a lot of things they can do together, in fact. And I don't see so many elements where they would be in a confrontational position.

Also, and I will stop here, I think that globally, I mean, the more the U.S. will be in tension with Russia and with China, the more both of them will try to avoid confrontation, right? So, it's not so much a bilateral relation. It's a trilateral relation with us in the middle, right? And so, the more we will be in tension with both of them, the more they will do everything they can -- and they are skilled and smart -- in trying not necessarily to cooperate, but at least to be neutral, not to overlap and to avoid confrontation because they will have to manage their relationship with the U.S.

DR. KENDALL-TAYLOR: I agree with everything Dr. Laruelle just said, although I would note in my testimony I did highlight also that tension in the relationship in the Middle East, that we're not going to drive kind of one big wedge between Russia and China, but we can look for opportunities to drive these little mini-wedges.

And so, some of this for U.S. diplomats is an area -- I think the security competition is one area that we can look to highlight in conversations with Moscow because, as you said, Russia sees itself as the kind of in the lead in the security space, and any kind of perceptions that China is encroaching on that could eventually provide a source of tension.

And one particular aspect of that relationship I also think in the Middle East is the arm sales. And so, arm sales are an important source of revenue for Moscow, and as China is encroaching on that market, that could be a potential source of tension.

And I want to go maybe just outside of the Middle East for a second because I agree that they're going to find ways to avoid making this an issue of confrontation between them. And I think we should also start thinking about whether or not we might see more synergy between the two, and including in the security sphere.

I guess what I have in mind is in Europe. I think you could imagine a scenario where you have Russia doing some of the kind of sub-Article-5-type activities, so some of the hybrid warfare that they are keen to pursue there. And with China's growing economic inroads in Greece, in Italy, in Eastern Europe, you could imagine a scenario at which point, if that economic influence is enough, that the Chinese could then lean on some of the NATO members not to respond to the sub-Article-5 incursions, such that we could eventually discredit Article 5.

And so, again, I would agree that, rather than kind of a source of competition, there is going to be increasing incentive for them to coordinate and bring their respective strengths to the table in a very synergistic way.

DR. PINCUS: One thing that I think separates the Arctic a little bit from some of the other regions is that it's less important to China than it is to Russia. The Arctic is one of Russia's core national interests. It's a top priority. It's key to their vision for the 21st century. And there is a strong desire on the part of Russia, a really, really strong desire, to control and protect this incredibly sensitive region, where there's a vast storehouse of resources and the majority of the Russian strategic forces.

And so, Russia is very sensitive about the Arctic and was loathe to welcome China in prior to 2014, roughly speaking. Chinese observers flagged Russian vigilance in the Arctic region prior to then. And Russia does not want to become dependent on China in the Arctic in any way at all. It is definitely alternatives to Chinese capital and investment.

And so, I think this is not a natural fit for these two. And going forward, I would again point to the role of global oil prices, which directly influenced Russian capital availability and the role of sanctions or, sort of broadly speaking, Western grand strategy towards Russia. Because I think that the story of Chinese-Russian cooperation in the Arctic is really about overcoming strong Russian reluctance. And so, that's something where, going forward, I think there is quite a fair amount of natural friction in this relationship that to a certain extent is being damped-down now by exogenous factors.

COMMISSIONER GOODWIN: Thank you. Thank you all.

CHAIRMAN BARTHOLOMEW: Commissioner Lewis?

COMMISSIONER LEWIS: What are the U.S. interests mainly in the Pacific, in the Arctic, and how does that run into -- China, obviously, doesn't have a great deal of interest, but what are the areas of conflict between the U.S. interests and Russian interests in the Arctic, and American allies like Canada or Denmark?

And then, as far as the Middle East goes, China seems to, as Commissioner McDevitt said before, they seem to have made an agreement with Haifa to take over the Port of Haifa, to run the port. Does that mean they are choosing sides in the Middle East conflict? And where do

the United States and China differ on the roles in the Middle East?

DR. PINCUS: Thank you.

There's a lot to cover there. U.S. interests in the Arctic, as laid out in some of our guiding documents, generally center around a stable, safe, environmentally protected region where the rights of indigenous people are respected and acknowledged, and sustainable development is pursued.

COMMISSIONER LEWIS: What role do we have and how do we pursue our role there, since we have no land in the Arctic? I'm sorry, yes, in Alaska.

DR. PINCUS: So, the U.S. is an Arctic nation by virtue of Alaska, and we participate in the Arctic Council, which is the highest-level intergovernmental forum in the region. We held the chair of the Arctic Council from 2015 to 2017.

We also were one of the initiators of the Arctic Coast Forum, which was also stood up in 2015. And that's a group that brings together the Coast Guards of the eight Arctic states. It's one of the very few areas where U.S. and Russian Coast Guards come together to talk, along with the rest of our allies in the region.

Also, when we look at the group of eight Arctic states, they are all NATO allies or NATO partners and Russia. And so, it's an interesting grouping that has managed to successfully cooperate on environmental protection, scientific research, incorporating the rights of indigenous people, over decades. Arctic scientific cooperation and environmental protection efforts date well back into the Cold War.

And so there's a strong track record thereof, to a certain extent, fencing off the Arctic from other elements of the political relationship, recognizing that it's a unique area with high environmental value, unique communities practicing a traditional way of life, and strong scientific value. And that's something that all Arctic states are interested in protecting.

China is an observer to the Arctic Council. And so, it's acknowledged the interests and rights of Arctic states as part of becoming an observer. The Chinese Arctic White Paper that came out last spring laid out Chinese interests in the Arctic, which generally revolve around resources like minerals and fish and energy and shipping, as well as scientific research.

Also, climate change research. China is expecting to experience some significant environmental changes over the course of the century, and the Arctic is going to be a big driver of that. So, they have a strong interest in scientific research.

So, there is a fair amount of overlap of interest, but the level of influence over decisionmaking is where we see, I think, some friction over China's role. It's not an Arctic state. Over the last few years, it has introduced this terminology of being a "near Arctic state," and the Arctic being a domain, an area that's in the interest of all states. And so, there is a little bit of push and pull there.

If that answers your question?

COMMISSIONER LEWIS: Thank you.

DR. PINCUS: Thank you.

DR. KENDALL-TAYLOR: So, I already took my pass on Haifa. So, I'll come back and do that in written statement for the record.

But, on the Middle East peace process, I think what we see is both Russia and China have sought to come at this and pursue a very balanced approach to the conflict. Both countries want to be seen as neutral arbiters and power brokers in the region. And so, they have both kind of inserted themselves into a process to a greater extent.

On the part of Russia, I think it's notable that they've inserted themselves into the

diplomatic process and they're eager to be seen in this role as an arbiter. I think one thing that's notable, too, is the Russian's use of these multilateral forums to be seen as a responsible global player.

So, we see it with the Middle East peace process, that they've increased and they've held more of these multilateral forums, to be seen as a responsible global actor. They don't produce much of anything.

But we've seen something similar, obviously, with the Astana process, where they've set up this kind of parallel track, where they're working with other like-minded countries to establish Russia's preferred political solution to the problem that, then, they'll present as a *fait accompli* to the Geneva process for legitimacy.

And we also see it, I think, in the Afghanistan process. They've played a more proactive role in trying to facilitate peace talks in Afghanistan.

And so, for the Russians, again, it's part of being a global actor. It's part of demonstrating global leadership and having a seat at the table and ensuring on all of the most important decisions that Russia's interests are being taken into consideration. But they are doing that in a more neutral and balanced way because they're trying to balance relationships with both of them.

COMMISSIONER LEWIS: Russia is playing a major role in Syria. Is China playing any major role in that area?

DR. KENDALL-TAYLOR: In Syria or in the Middle East peace process?

COMMISSIONER LEWIS: Russia is involved in Syria.

DR. KENDALL-TAYLOR: Yes, but also in the Middle East peace process.

COMMISSIONER LEWIS: But is China involved in any way like that?

DR. KENDALL-TAYLOR: In Syria, they --

COMMISSIONER LEWIS: No, in any part of the Middle East.

DR. KENDALL-TAYLOR: Yes, absolutely. I mean, politically, and especially in Syria, the Chinese have supported Russia's moves and they have been very proactive in supporting Russia's positions, particularly in the UN Security Council, vetoing I think it's six out of seven resolutions against Syria.

And they have also sent envoys into the region, and they've started to slowly increase kind of the mil-to-mil cooperation with the Syrians in terms of intelligence and some other military cooperation. So, they are present, but in a much quieter, back-seat kind of way.

But, with the Middle East peace process, they are also trying to balance relationships. And I think it is notable, from the Iranian perspective, we've seen a real uptick in China's trade and investment in the technology and innovative kind of sectors of the Israeli economy. And so, I think that may be part of the reason why we've seen a more neutral position coming from them.

But, kind of broadly speaking in the Middle East, for China, playing a role in peace and stability is kind of at the hallmark or at the center of their approach. And so, they want to be seen as playing that neutral role in resolving the region's conflicts.

COMMISSIONER LEWIS: Thank you very much. Thank you for your presentations.

CHAIRMAN BARTHOLOMEW: Vice Chairman Cleveland?

VICE CHAIRMAN CLEVELAND: I actually was going to ask, what are our interests in the Arctic? And I'm glad to know that we have vested interest, Admiral, because it sort of alludes me in terms of distance.

I have two questions. What is the Chinese stake in Afghanistan at this point? What are they invested in? I think, Dr. Kendall-Taylor, you talked in your testimony about -- no, I take that back. It's something I'm reading. They do have clear investments in minerals and various

economic opportunities, but I'm interested in sort of what exactly their interests are?

And I'm reading a brief from the U.S. Institute of Peace that talks about, the second question, a new antiterrorism law in China allows for deployment of, on counterterrorism missions, that they sent military advisors to Syria in early 2017, engaged in cross-border land exercises in Tajikistan. And then, perhaps most troubling to me is, instructors from the Spetsnaz Center in Chechnya have provided antiterrorism training for Chinese special forces in Xinjiang.

Can we talk a little? Can any of you speak to the question of what the Chinese are gaining in terms of counterterrorism knowledge, what these advisors are doing in Syria, what they're getting out of Spetsnaz training from Chechnya? Do we know?

It was kind of a messy question. So, I'm sorry, but --

DR. LARUELLE: So, on Chinese stake in Afghanistan, they have been involved since over the decade now, since the end of the 2000s, mostly in the northern provinces of Afghanistan in mineral extraction and oil extraction. The project has kind of slowed down because it was less easy than they imagined it would be, for security issues and not a lot of opportunity to explore that. So, the dream of an increased kind of regional cooperation where all the minerals extracted from Afghanistan could be easily reached over a path of the region kind of slowed down. So, this project, they have the sea there, they have Chinese infrastructure, but it is really going slowly.

But what is really important for China, it's not so much to have this project there, right? It's to be sure they can connect then with Pakistan because it's Pakistan which is receiving a huge amount of financial support from China in terms of infrastructure.

So, what is really important for China is this corridor going from the Xinjiang to the sea through Pakistan. And all the other projects that China is doing in Afghanistan since are a kind of side effect of the centrality of Pakistan. So, if they work, it's very good for China. If they follow the path, it's not a drama as long as their relationship with Pakistan and the infrastructure in Pakistan are continuing to work.

Because the goal is for the Chinese project, minerals and oil, and so on, to be able to access the sea. Afghanistan doesn't give them an access to the sea, wherein Pakistan does, right? So, Pakistan is really the central point, and the Chinese stake in Afghan economy is a plus, but if they fail, China will do without them, but Afghanistan won't. That's the problem for Afghanistan itself.

VICE CHAIRMAN CLEVELAND: Thank you.

DR. KENDALL-TAYLOR: I can maybe say a couple of words on your second question. I noted in the testimony that the counterterrorism piece of this is one of China's goals in the Middle East. And the Chinese believe that there is a link between stability in the Middle East and stability at home. And so, they are very worried about extremist elements in the Middle East providing training and inspiration to the radical Uighur Muslims who might return to western China.

But, in terms of what they're learning, I don't have a good sense of that. And I guess I would just kind of go out on a limb and say I feel like they're not learning very much because their solutions so far to domestic terrorism has been to round up Uighurs and put them into these re-education camps, which is clearly not a very effective approach. And I don't know what they are learning, but I know, in terms of what their key priorities are in the Middle East, the counterterrorism piece is in the top goals. And they're particularly worried about returning foreign fighters because there are several thousand, they believe, Uighurs who are fighting in the Syrian conflict who they are concerned will come home and destabilize western China.



DR. LARUELLE: If I could just add one point here, so it seems several hundred of Uighurs who were fighting in Syria went back to Afghanistan, right, and not to China. They cannot go back to China. Otherwise, they would immediately arrested.

But they are part of this group of the Islamic State going back to Afghanistan and trying to kind of destabilize from that. So, that's, of course, one of the Chinese big concerns, is to see Afghanistan becoming a base for attacks. And given, as you just said, the policy to Uighurs being a really very confrontational one, they also know that they are probably risking to get more and more kind of confrontation with Islamists around what is happening to the Uighurs.

CHAIRMAN BARTHOLOMEW: Thanks very much.

I'll exercise the prerogative of the Chair now.

A couple of questions. How does Russia's historic relationship with India and China's with Pakistan sort of play out as tensions rise between India and Pakistan, both sort of immediately, but over the longer term? That's one question.

I have a question on BRI, which is, do you think, as the Chinese are placing more people to protect both the projects and the Chinese people working on those projects, do you think that the Russians would have any concerns about where those security people or military people might be based? "Basing" is not the right word, but where they are, where they're functioning, and whether they end up staying there, so that there's becoming a Chinese military presence in places based on the fact that they're protecting Chinese people on the BRI projects?

What else do I have? I have two other questions.

One is, are Russia and China coordinating in any ways to evade sanctions against Iran?

And then, finally, on this question of sort of the U.S. Government needing to address Russia-China together, thinking about Russia-China together, and not just having Russia experts and China experts, a lot of times we talk about wanting a whole-of-government approach. It's sometimes very difficult to get a whole-of-government approach on anything. Are there particular agencies that you think need to be doing that focus now? So, I mean, we could recommend to Congress that DoD or State or the CIA put together a task force or something that focuses on cross-China-Russia issues.

I was also going to ask about our interests in the Arctic, but it's been asked twice now.

All right. Thanks.

DR. LARUELLE: So, on your first question, yes, the kind of historical partnership between Russia and India and China-Pakistan is still playing a role. So, Russia is always supportive of what India is trying to do in Afghanistan, and vice versa. So, they really try to support. Russia is also supporting India's role in the Shanghai Co-operation Organization. So, they all continue to play that role.

My impression is that, because Russia kind of renewed its partnership with Iran over the CIN crisis, it has a kind of side effect in Afghanistan, and you see now more coordination between Russia and Iran in Afghanistan, which is also an old tradition, if you'll remember Afghanistan 30 years ago. So, in a sense, I would say that now Russia can play in Afghanistan looking at what Iran is doing and what India is doing, but Iran kind of suddenly took more importance than India.

And then, on the other side, China is always trying to support Pakistan, even if they are very worried about the radicalization inside Pakistan, the ambiguous game of Pakistan to want the Taliban. But, at the same time, they have been investing so much money in supporting the Pakistani economy and the security, the military that -- since China is a kind of hostage of what is happening in Pakistan, they cannot set any stops. They really need, they will need to support



Pakistan, whatever is happening along the road.

So, it's playing a role and, also, in the Shanghai Co-operation Organization. So, we see Russia and China trying to negotiate the entrance of India and Pakistan, and being sure that their internal conflict will not kind of replicate on the Shanghai Co-operation Organization. But, so far, they manage quite well the tension in trying to keep them on the side and each of them supporting their traditional partner in the region.

DR. KENDALL-TAYLOR: So, on the Belt and Road Initiative and whether Russia would eventually bristle at a growing Chinese presence, I think at the moment China really does not have a security presence in the region, and they're going to avoid at all expense increasing their security footprint because, as we noted before, they're very happy and content to let the United States do it for them, and then, free-ride on the stability that the United States provides. So, that's not yet a source of tension. The closest thing that we've seen is Djibouti, but, again, that hasn't been an issue yet for the Russians.

In terms of sanctions on Iran, we haven't yet seen them coordinate any efforts to bypass sanctions because both countries have taken a very different approach to the sanctions issue. For China, in particular, they've been largely in compliance with sanctions on Iran because they calculate that they have too much to lose. The Iranian economy relative to risking what they have with the United States is very small beans. And so, they're not willing to go to the mat with the United States because they don't want to lose access to our markets. So, for them, they're going to comply because it's just not worth it economically for them to do otherwise.

Russia is more willing to try to evade sanctions and move around because I think their Energy Minister noted that they already live under the conditions of sanctions. And so, they have much less to lose. And so, so far, we've seen them taking a different approach to the sanctions on Iran.

And then, on the last question, on how we could build or kind of more institutionalize a structure for addressing this problem, I think you noted some of the most obvious candidates for this, which would be the intelligence community. CIA, you could imagine some sort of fusion cell. I think this will be a really difficult challenge because we can see all of these indicators of increasing Russia and China ties, but, given kind of recent trends in the IC's access to decisionmakers in Russia and China, I think we're going to have a really hard time understanding or seeing the kind of changes that are taking place at very high levels of the government. And so, again, given the difficulty of the cases, it would make a lot of sense, I think, to have at least sort of a fusion cell or at least a small group of people who are focused on looking at this and where the two come together.

So, there's the intelligence piece of this and trying to understand how this relationship is likely to move forward, but, then, of course, there's the policy side of this. And so, we've talked about the United States has taken increasingly aggressive stances against both Russia and China, identifying both of them as strategic adversaries. That's been one of the key policies that has contributed to pushing them closer together. And obviously, both of those policies are very justified approaches to dealing with these problems, but I think it's also important to have, from a policy perspective, people who are thinking about the implications of what we do vis-a-vis Russia and how that might influence its relationship with China. So, it's important, I think, both to see it from the intelligence perspective, but also to think through the unintended consequences of some of the policy decisions.

CHAIRMAN BARTHOLOMEW: Dr. Pincus, anything to add?

DR. PINCUS: I do. Thank you.

On the Belt and Road, I would note that Russia would probably be very intolerant of the idea of any Chinese presence in Russia to protect BRI infrastructure. That's probably a no-go.

On sanctions, I just want to flag that Russia and China and some European countries are working together to evade Western sanctions on Russia. China is issuing subcontracts to some European firms for offshore oil services, for example, as a way of getting around those Russia sanctions. So, that's an interesting little piece of note.

And then, for the whole-of-government question, I just want to kind of circle back to this why should the U.S. care about the Arctic region question, because it has come up a couple of times. And I think Russia and China both -- well, China, in particular, takes a long view. And the Arctic region, it's the world's last remaining storehouse of minerals and oil and gas outside of Antarctica, which is a whole other can of worms I'd be happy to talk about.

And so, it's got a huge amount of resources and the ice is melting incredibly quickly. We're going to see an ice-free Arctic in the summertime in 20 years, 25. And if you look at the map -- I've got a map in one of my appendices -- shipping between Asia and Europe and North America over the top, through the Arctic region, cuts a third off the trip, rather than going through Suez, which is a political question mark.

So, it's an emerging critical waterway and resource storehouse in coming decades, and China is watching developments there very, very closely and actively seeking a role in the course of development.

It's also Russia's backyard. There's a ton of military hardware in the Arctic region. The closest route between the United States and Russia is right over the top there. So, from a military perspective, it's incredibly important as well, and we're about to start adding a lot more human activity in an incredibly sensitive military region. So, there's going to be a lot of possibility for friction there because you've got a closed system that you're adding elements into.

Without active U.S. engagement in the course of development of this region, it's going to go through a phased change into a future in which we are not shaping. You know, we need to play a shaping role in this region. It's our backyard. We have vital national interests at stake. And right now, we see that two of our peer competitors are taking an active role in this region.

So, I would argue that it's very much in our national interest to pay more attention to this. Across the U.S. Government, there are a fair amount of bodies that work on Arctic issues. There's definitely some coordinating committees within DoD, across the Services, within the agencies that have a stake in Arctic issues.

The Arctic Executive Steering Committee coordinates Arctic policy across the federal government. It hasn't been quite as active over the last couple of years, but it's still in place. And the idea is that we need to sync up all of our diverse efforts to make sure that we're acting in concert with a whole-of-government approach to achieve objectives in the Arctic region, because working up there is expensive and sensitive as well.

So, I'd flag some of those issues and say we could definitely do more in that area, but some of these bodies already exist. And we'll be seeing some new-worked strategies come out from the Department of Defense. The Navy, probably the Air Force, the Coast Guard, DHS, are all working on revising and issuing Arctic strategy and roadmaps, probably this year or next year.

CHAIRMAN BARTHOLOMEW: Thanks very much.

For a second round, Admiral McDevitt?

COMMISSIONER McDEVITT: No, my question's been answered.

CHAIRMAN BARTHOLOMEW: Okay. Vice Chairman Cleveland?

VICE CHAIRMAN CLEVELAND: Thank you.

Let me, first -- I don't know if you did this this morning, but did we welcome the Kamphausen family?

CHAIRMAN BARTHOLOMEW: We did.

VICE CHAIRMAN CLEVELAND: Okay, good. I missed that. Sorry. Welcome again.

I'm reading an article by Paul Stronski who says the multiple summits and conversations that have gone on between Xi and Putin on economic issues, basically, the goals are unlikely to be realized because BRI and the Eurasian Economic Union are incompatible. "BRI is a vision to create multiple markets and reorient global trade with China as its engine; whereas, the EEU is an effort to create a single closed market that is dominated by Russia to enhance Moscow's influence in the region."

Anybody who would like to comment on that? Because I think it's an interesting perspective.

DR. LARUELLE: Yes, I agree with what Paul Stronski said. In fact, the two, the Russian and the Chinese project are largely contradictory. So, the way Russia managed the contradiction was trying to come up with the terminology that looked like they worked together. And that was the notion of a Greater Eurasia. So, that was both the Eurasian Economic Union and the Belt and Road Initiative.

It's nice on the paper. It means quite nothing up close because it's just the two projects are not manageable. So, it's just a way for Russia to try to mimic and copy-paste the huge kind of Chinese project and trying to say that they are in coordination, while clearly they are not.

And I think what would happen progressively, that the Eurasian Economic Union, it's already there. It's, in fact, just limiting itself as that being a custom union between some post-Soviet states with no other kind of supranational option or institution. So, it's much less ambitious than what Putin hoped it would be.

And I think it will stay something like that, a kind of custom union, so you can trade and travel in the region without stopping at the customs, while the Chinese project is, of course, to connect Central Asia for that region to the rest of the world, where the Russian project is to be sure Central Asia stays connected to Russia. So, the two projects are contradictory, but the Russians don't want to say that openly. They don't want to formulate the confrontation. So, they prefer to have a narrative that looks like it's going in the same direction, while on the ground it's clear that it's not.

So, it's also a way they manage tension. They avoid formulating them. On the contrary, they formulate something that looks complementary, and then, they move on.

DR. KENDALL-TAYLOR: I just have one quick related point, too, which is, I mean, just an observation about how they've managed these things. And one of the things, in thinking about where the relationship between Russia and China is going, we talked about Putin's unwillingness to be a junior partner, as it could potentially be a key constraint.

But, in my mind, I feel like he's moved much more in kind of throwing his lot in with the Chinese. And where you see this is, when Putin looks at the United States, in competition with the U.S., everything is in very zero-sum terms. But it seems to me, when he's working and thinking about the Chinese, that is not the case. And so, it is clear that the Chinese will benefit far more than the Russians from things like the Belt and Road Initiative, but Putin seems okay with that as long as Russia benefits a little. And, to me, that is a really different thing, and I think, then, contributes to the prospects that the relationship will grow closer in the future.

CHAIRMAN BARTHOLOMEW: Roy?

COMMISSIONER KAMPHAUSEN: In each of your areas, I'd be interested in your speculation as to the single issue or set of issue areas that are most likely to introduce friction between China and Russia in the coming five years. Setting aside the role of the United States, obviously, as a factor; you can't set it aside completely. But what do you see as issues that we very much need to pay attention to, either for reasons of stability/instability or potential opportunities for many wedges, a policy consideration?

Thank you.

DR. LARUELLE: So, for Central Asia, we could imagine something happening on the Chinese Sino Central Asian pipeline; for example, Eurasia destabilization, the Central Asian Army not being able to secure Chinese assets, and China feeling obliged to say, well, in that case, I need to be there and send some of my guys to control my pipeline. And in that case, that would kind of suddenly push China to be militarily more active in Central Asia without coordinating with Russia. So, that could be one of the possible frictions.

Another one you could imagine is one of the Central Asian governments trying a sudden anti-Russian term. I mean, you could imagine potentially -- it's really kind of fictions -- that the successor of President Nazarbayev in a few months would open a more Kazakh nationalist narrative and try to kind of disentangle Kazakhstan from the Eurasian Economic Union and trying to play more on China. So, in a sense, the Central Asians could themselves try to play Russia against China, but that would be a very risky game for them, also, because they would be the one in the middle. And I'm not sure that's the right strategy.

So, that's just, yes, two possible things we could imagine. But I think one of the Central Asian states suddenly collapsing, and that putting a threat to Chinese investment in the region, pushing China to be more active on the security field, could be one of the possible frictions in the years to come.

DR. KENDALL-TAYLOR: Yes, as I noted in the written statement, I think kind of looking to drive the master wedge between Russia and China is highly unlikely, because, from Putin's perspective, he sees the United States as a far more predictable partner, and his kind of anti-U.S. sentiment is deeply held.

And for Xi, I think he has every incentive to keep Russia on his side. In many ways, Russia's aggression kind of is a very useful distraction for China to kind of rise more quietly in the background.

But it is important, as the United States seeks to limit the depth of the relationship, that we do try to needle or amplify some of these tensions in the relationship.

And in the Middle East, I think that there are a couple. One is on the economic front, so looking to highlight for the Russians where China is encroaching on some of its most important economic lines of opportunity. And that would be the arm sales and, also, in the energy sphere, particularly the nuclear energy sphere. We're seeing increasing competition between Russia and the Chinese over nuclear energy projects in the region.

And I also think, as we talked a little bit about before, Russia clearly has the lead and is out front in the security sphere. And so, if there are things that China looks to do increasing its security footprint in order to protect some of its resources and investments in the region, trying to highlight, again, these little mini-wedges could be useful.

From China's perspective, I think the stability piece is the key piece. And so, if Russia does something in the Middle East, perhaps it's through kind of backing the Iranians, and the Iranians continue to do things that destabilize the region, but if the Russians do something that destabilized the region and threatened China's access to its resources and its energy, that's going

have really significant impact on the Chinese economy. And that could be something that really puts a bur in their side or is one of those fissures.

DR. LARUELLE: Can I just add one sentence to stay on that discussion? Historically, if you look at what happened in the 20th century, for decades the Soviet Union was very much protecting the oil growth against China. And so, you could imagine, potentially, Russia trying to reactivate support to the oil growth, either directly or through Central Asia, in a way to kind of destabilize or fragilize China. We don't see it arriving at all, but, historically, the traditions were there. And there are lot of Uighurs immigrants in the U.S. or in the West who have still this memory that potentially Russia could kind of cover up helping them. So, it's somewhere in the kind of historical memory, but, clearly, it's not input in strategy so far.

DR. PINCUS: I think over the next five years the important factor to watch is going to be the global price of oil. If the price of oil goes back up, and Russian coffers are suddenly full again, Putin will have much greater freedom to act in the Arctic and I think will try to regain full control as quickly as possible.

It's interesting that we've been talking today about their relationship and the positing that Russia is the junior partner. Russia will not be the junior partner in the Arctic. And so, the price of oil, the availability of capital to Russia, is going to be a really important determining factor on its ability to sort of regain control.

Another piece might be if China, for whatever reason, if they got distracted elsewhere and really strongly pulled out of the Polar Silk Road, I think that would generate a lot of friction. You know, if a Chinese submarine surfaces in the Arctic in the next -- it's probably more like 5 to 10 years -- but that's really going to change the game up there. I think, for Russia, that will be a real new environment and introduce a lot of new concerns for them.

Their military establishment has been, as we've heard today from other experts, has had mixed positions on partnering with China. And I think the Arctic hasn't really been a strong part of that yet, but if the Chinese make a security entree into that region, it will really bring it home for Russia in a way that will be uncomfortable.

And then, the last piece I would note is that there's a lot of Chinese tourists in Russia. Eighty percent of the tourists who go out on Russian icebreakers to the North Pole are Chinese. And one can imagine that, if something happened, and we have a history of accidents in the Arctic, including on Russian cruise ships, that could provoke a real incident, because Russia is going to want to control any kind of disaster response. But, if there's a large number of Chinese Nationals involved, you'll see, I think, some sparks there.

CHAIRMAN BARTHOLOMEW: Great.

Okay, Admiral McDevitt, I think you have the -- again? Yes? No?

COMMISSIONER McDEVITT: A couple of quick ones here.

In talking about the issues related to security along the Belt and Road, over the last 18 months or two years, there's been quite a lot of articles and a book talking about Chinese private security firms being out and about to protect BRI infrastructure. I've read a lot of them, and what have you, and there seems to be a lot of hand-wringing, but do we have any evidence that these folks are actually showing up on the job toting guns and protecting the infrastructure, and doing things like that, particularly in Central Asia?

And just an observation on submarines in the Arctic. Missile range is everything. So, depending upon how long a range your missile is and where you want to shoot, or who you want to shoot, but if the Chinese send an SSBN up there, the purpose of the drill is not to surface. The purpose of the drill is so nobody knows you're there. Now they may send an SSN up just to



show they can do it.

DR. LARUELLE: So, in Central Asia, the Chinese assets are controlled by Kazakh private security, private security by Central Asians under the kind of umbrella of Central Asian governments. So, they act as proxy for China on the Central Asian territory.

Globally, I think the emergence of Chinese private security firms, my understanding, that very often they are hiring foreigners. And you have a remarket, right, of people available to be hired in private security firms. So, it's not Chinese Nationals, maybe the Iraqis, the Chinese, but it's a lot of foreigners. And Russia providing a lot of mercenaries globally in the world, you could imagine that some Russian mercenaries would be working for some Chinese private security firm. So, that would be a combination of the one who is speaking and the one who knows how to act on the ground.

DR. KENDALL-TAYLOR: Yes, I don't have a lot to add to that. But, again, it's just also the prospects for learning between the two. And so, obviously, Russia has been a very effective user of private security companies like Wagner, and they help give Putin plausible deniability in these places. And so, if there is that learning over time, that's something I think we would expect to see more of.

CHAIRMAN BARTHOLOMEW: All right. Commissioner Lewis, one final, short question.

COMMISSIONER LEWIS: Are you aware of anything that's appeared in the Chinese or Russian press about The Washington Post writer who was killed in Istanbul? You're not aware of anything?

DR. KENDALL-TAYLOR: Can you just repeat that one more time?

COMMISSIONER LEWIS: Are you aware of anything that's occurred in the Chinese or Russian press about the killing of The Washington Post writer in the Saudi Embassy?

DR. LARUELLE: No, I know it was, of course, obviously, discussed in the Russian press, but not with any kind of specific information or any specific aspect. And the Russian was very much supporting the -- or they had to play between the Turkish position and the Saudi one because they want to be friends with both. So, they were kind of trying to be nuanced, but I didn't any specific reading --

COMMISSIONER LEWIS: Are you aware of anything in the Chinese press?

DR. KENDALL-TAYLOR: I'm not aware of anything in the Chinese press, but I'm more of a Russia expert. And I would just agree, it was definitely something that was covered, but it was one of those delicate balancing acts because they wouldn't want to jeopardize relations with the Saudis or the Turks.

COMMISSIONER LEWIS: Thank you.

CHAIRMAN BARTHOLOMEW: All right. Thank you all. Thank you. It's a very interesting panel. We really appreciate the work that you've put in to come here, and we might be in touch with you with further questions as we go through the rest of the year.

I do want to note that our next hearing is on April 25th on U.S.-China space competition.

Dr. Pincus, as I was thinking of these issues in the Arctic, I kept thinking about issues on the moon. And perhaps we all have equal status as near-lunar states.

(Laughter.)

CHAIRMAN BARTHOLOMEW: Thank you very much, everybody. With that, we're adjourned.

(Whereupon, the above-entitled matter went off the record at 3:15 p.m.)



**SUBMITTED STATEMENT OF ROBERT SUTTER, PH.D.  
PROFESSOR OF PRACTICE OF INTERNATIONAL AFFAIRS, ELLIOTT SCHOOL  
OF INTERNATIONAL AFFAIRS, GEORGE WASHINGTON UNIVERSITY**

## **Robert Sutter Submitted Response to Question for the Hearing Record**

### **U.S.-China Economic and Security Review Commission, Hearing on “An Emerging China-Russia Axis? Implications for the United States in an Era of Strategic Competition,” March 21, 2019**

**Please provide additional explanation of your characterization of Russia as desiring to disrupt the U.S.-backed international order in contrast to China seeking to largely preserve the existing order.**

Russia and China pose increasingly serious challenges to the U.S.-supported order in their respective priority spheres of concern—Russia in Europe and the Middle East, and China in Asia along China’s continental and maritime peripheries. Russia’s challenges involve military and paramilitary actions in Europe and the Middle East, along with cyber and political warfare undermining elections in the United States and Europe, European unity, and NATO solidarity. China undermines U.S. and allied resolve through covert and overt manipulation and influence peddling that employs economic incentives and propaganda. Chinese cyberattacks have focused more on massive theft of information and intellectual property to increase China’s economic competitiveness and accelerate its efforts to dominate world markets in key advanced technologies at the expense of leading U.S. and other international companies. At the same time, China’s coercion and intimidation of its neighbors, backed by an impressive buildup of military and civilian security forces, has expanded its regional control and influence.

Nevertheless, President Xi’s government is much more measured and moderate than Putin’s Russia in dealing with the United States and the international order it supports that China finds very beneficial to its interests. Xi continues to balance strong opposition to the United States’ international leadership and encirclement in Asia with a desire to manage differences with the United States in order to avoid confrontation and conflict. As the world largest trader and holder of foreign exchange, second largest recipient of foreign investment and increasingly important foreign investor, China has a much greater stake in the U.S.-led international order than does Russia with an economy unattractive to international businesses, including many in China, and one that is less than ten percent the size of China’s and with little of China’s international exposure.

**SUBMITTED STATEMENT OF SAMUEL CHARAP, SENIOR POLITICAL  
SCIENTIST, THE RAND CORPORATION**

# The Demise of the INF

## Implications for Russia-China Relations

Samuel Charap

CT-507

Document submitted on April 9, 2019, to the U.S.-China Economic and Security Review Commission as a statement for the record for the hearing on March 21, 2019.



For more information on this publication, visit [www.rand.org/pubs/testimonies/CT507.html](http://www.rand.org/pubs/testimonies/CT507.html)

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*The Demise of the INF: Implications for Russia-China Relations*

Testimony of Samuel Charap<sup>1</sup>  
The RAND Corporation<sup>2</sup>

Statement for the Record for the U.S.-China Economic and Security Review Commission

Submitted April 9, 2019

In this testimony, I will assess the implications of the U.S.-Russia impasse over the Intermediate-Range Nuclear Forces Treaty (INF) for China-Russia relations. I begin with some background on the different Russian and Chinese approaches to arms control generally. I then describe China's approach to the negotiations that produced the INF in the 1980s. Finally, I suggest some potential future scenarios resulting from the INF's demise and each scenario's effect on Russia-China relations.

## Different Russian and Chinese Approaches to Arms Control

There are broad divergences in Moscow's and Beijing's approaches to arms control, and particularly nuclear arms control.<sup>3</sup> These divergences have their roots in the two countries' different historical experiences relating to nuclear weapons. Moscow's nuclear force posture has always been shaped by the strategic imperative of parity with the United States. This imperative led both to the Cold War-era arms race and its antidote: arms control and reductions. Since the inception of nuclear arms limitations in the early 1970s, the bilateral U.S.-Soviet/Russian dyad developed a number of unique characteristics: the explicit acknowledgement of mutual vulnerability to retaliatory strikes as a stabilizing factor; both sides' maintenance of counterforce first-strike options, which required relative numerical parity of warheads and delivery systems; and the interlinkage between offensive and defensive systems. Since then, the United States and the Soviet Union (and then Russia) have lowered their numbers largely through bilateral accords. They also used arms control, at least initially, to limit severely certain systems (e.g., ballistic

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<sup>1</sup> The opinions and conclusions expressed in this testimony are the author's alone and should not be interpreted as representing those of the RAND Corporation or any of the sponsors of its research.

<sup>2</sup> The RAND Corporation is a research organization that develops solutions to public policy challenges to help make communities throughout the world safer and more secure, healthier and more prosperous. RAND is nonprofit, nonpartisan, and committed to the public interest.

<sup>3</sup> I address arms control only here, not nonproliferation regimes, such as the Nuclear Non-Proliferation Treaty or the Missile Technology Control Regime.



missile defense via the 1972 Anti-Ballistic Missile Treaty) or entire classes of weapons (e.g., intermediate-range land-based missiles through the INF). Essentially, through this process, Washington and Moscow developed a concept of mutual nuclear deterrence and stability that was shared and thus interdependent.

China, by contrast, has never seemed to believe it necessary to hold either the Soviet/Russian or the U.S. arsenals at risk or to achieve numerical parity with either power. Beijing has thus never had the imperative to engage in an arms race with either nuclear superpower or to engage in arms control to curb such a race. China is publicly reported to have less than 300 strategic warheads, compared with the 1,550 allowed to the United States and Russia under the Treaty on Measures for the Further Reduction and Limitation of Strategic Offensive Arms (New START).<sup>4</sup> Beijing has long stated that the United States and Russia need to further reduce their arsenals in order to justify China's participation in reductions and limitations. China has thus had none of the nearly half-century of experience of arms control negotiations and implementation that Russia and the United States have. While broadly supportive of U.S.-Russia arms control, Beijing has deliberately stayed on the sidelines.

## China and the INF

Although the INF is not, strictly speaking, a nuclear arms control agreement (*inter alia*, it bans all ground-launched cruise missiles [GLCMs], including ones with conventional warheads), it was a direct outgrowth of the particularities of the U.S.-Soviet nuclear dyad and of U.S. extended deterrence obligations to North Atlantic Treaty Organization (NATO) allies in Europe. The Soviet deployment of SS-20 intermediate-range ballistic missiles (IRBMs) in Europe risked “nuclear decoupling,” that is, it would have allowed Moscow to conduct nuclear strikes on Western European capitals without attacking the United States. Meanwhile, the U.S. deployment of Pershing II IRBMs and GLCMs to NATO Europe posed a decapitation threat to the Soviets, dramatically reducing warning time before potential U.S. strikes on key Soviet command and control (C2) nodes. The INF thus reinforced stability through mutual vulnerability by eliminating these dynamics. The treaty was an organic outgrowth of the circumstances of this bilateral relationship.

While the INF was fundamentally driven by dynamics in European security, it did have significant implications for East Asian security. At the time the INF talks began, Sino-Soviet relations were highly adversarial; China sought to form a united front with the West against perceived Soviet expansionism. China even supported NATO's “dual-track” decision and specifically the deployment of Pershing II missiles and GLCMs to Europe.<sup>5</sup> The Soviet Union's 1977 deployment of SS-20s, 171 of which were based east of the Urals (i.e., in the Asian

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<sup>4</sup> Eric Heginbotham, Michael S. Chase, Jacob Heim, Bonny Lin, Mark R. Cozad, Lyle J. Morris, Christopher P. Twomey, Forrest E. Morgan, Michael Nixon, Cristina L. Garafola, and Samuel K. Berkowitz, *China's Evolving Nuclear Deterrent: Major Drivers and Issues for the United States*, Santa Monica, Calif.: RAND Corporation, RR-1628-AF, 2017. As of April 04, 2019: [https://www.rand.org/pubs/research\\_reports/RR1628.html](https://www.rand.org/pubs/research_reports/RR1628.html)

<sup>5</sup> J. Mohan Malik, “China and the Intermediate-Range Nuclear Forces Talks,” *Arms Control*, Vol. 10, No. 3, 1989, pp. 235–275.

territory of the Soviet Union), was seen as a direct threat to China, and particularly to Beijing's nuclear deterrent, which was significantly smaller than it is today and far less survivable.<sup>6</sup> China's nuclear force was entirely land-based and thus vulnerable to a counterforce first-strike from Soviet INF missiles (that is, missiles with a range prohibited by the INF).

China closely followed the INF negotiations when they were launched in the early 1980s and actively sought to influence U.S., Soviet, and Western European positions to suit its interests.<sup>7</sup> Beijing was most intent that Washington keep its security interests in mind when dealing with Moscow. Indeed, as one analyst wrote at the time, "since the 1970s, the Chinese have relied on the United States to protect their interests in Soviet-American nuclear arms talks. At the same time, however, they have been apprehensive that Washington might make concessions to Moscow that damaged China's security."<sup>8</sup>

Based on public commentary and official statements, Beijing had two significant equities in the INF talks. First, it pushed for exclusion of the British and French arsenals from the INF treaty, so as to avoid any precedent that would imply that its own arsenal could be the subject of arms control talks. Second, and most importantly, it sought to ensure that the U.S.-Soviet agreements addressed Soviet INF deployments east of the Urals. In other words, it sought to preclude an agreement that dealt exclusively with the European theater.<sup>9</sup>

The possibility of addressing the European and Asian theaters separately came up at several points during the INF talks. When negotiations began, it was not at all clear that the eventual agreement would extend east of the Urals. For example, when the Soviets proposed in 1982 to institute a moratorium on deployments of SS-20s, the offer would have covered only Soviet territory west of the Urals. Unsurprisingly, Beijing, along with Tokyo and Seoul, pushed Washington to reject these calls.<sup>10</sup> The United States eventually adopted the position that "Soviet Asian-based SS-20s must be a part of any U.S.-Soviet agreement."<sup>11</sup> As the talks progressed in the mid-1980s, the issue of INF missiles in Asia became a central stumbling block. According to President Ronald Reagan's arms control envoy, "One of the most stubborn points of Soviet intransigence concerned reductions or eliminations of its Asian-based [INF] missiles. Even as they had been willing to allow significant [reductions] in Europe, the Soviets remained profoundly reluctant to agree to any reductions in their Asian forces."<sup>12</sup> At the Reykjavik summit in 1986, Soviet General Secretary Mikhail Gorbachev and Reagan agreed in principal to the "zero option" for Europe and a cap of 100 INF warheads in Soviet Asia and the United States. Those talks did not result in a final agreement due to differences over missile defense. As INF talks progressed in 1987, U.S. officials came to believe that the zero option for Europe and the

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<sup>6</sup> Michael J. Mazarr, "'A Very Good Thing': The INF Treaty and Asian-Pacific Security," *Pacific Review*, Vol. 1, No. 3, 1988, pp. 248–256; and Heginbotham et al., 2017. At the time, Beijing largely relied on silo-based missiles.

<sup>7</sup> Malik, 1989.

<sup>8</sup> Bonnie S. Glaser, "Arms Control in Northeast Asia," *Pacific Review*, Vol. 1, No. 2, 1988, pp. 164–180.

<sup>9</sup> Malik, 1989.

<sup>10</sup> Malik, 1989.

<sup>11</sup> U.S. Department of State, "Arms Control: The East Asian and Pacific Focus," *Current Policy no.* 904, 1987.

<sup>12</sup> U.S. Department of State, 1987.

100-warhead cap for Asia might be the most the Soviets would be willing to give to get a deal. The Chinese vigorously objected to such an outcome, pushing both sides to reconsider. When Gorbachev announced the Soviet agreement to the global zero option (i.e., elimination of INF missiles in Europe and Asia) in July 1987, it was seen as a major diplomatic coup by the Chinese.<sup>13</sup>

In the end, the global zero option embodied in the INF led to the destruction of the 171 Soviet SS-20 missiles that had been stationed in Asia, as well as the elimination of the SS-12/22 (900-km range) and SS-23 (500-km range) Soviet systems.<sup>14</sup> (The United States, by contrast, had no INF-banned missiles in the Pacific). In short, the INF essentially eliminated the nonstrategic Soviet missile threat to China, and specifically to China's nuclear arsenal; at the time, the Soviets also did not have any air-launched cruise missiles (ALCMs) or sea-launched cruise missile (SLCM) systems to compensate. China was thus quite happy with the INF.

### *Current Chinese Views on the INF and Its Demise*

From the signing of the INF until its effective collapse in recent months, China was a factor only in the context of attempts to universalize the treaty. At various stages, both Washington and Moscow, including at times jointly, proposed making the INF a global pact.<sup>15</sup> Russian President Vladimir Putin has often cited Moscow's neighbors' possession of INF missiles as a major drawback in the treaty regime for Russia.<sup>16</sup> Unsurprisingly, given China's reliance on such missiles for the majority of its missile inventory, Beijing has been cool on this approach.<sup>17</sup> As the staff of the U.S.-China Economic and Security Review Commission has noted, "Both the nuclear and conventional missiles in China's inventory that would be subject to INF Treaty restrictions are foundational to Beijing's overall military strategy—namely, to hold U.S. forces at risk should they choose to intervene in a regional conflict."<sup>18</sup>

Since the U.S. announcement of its intention to withdraw from the INF, China's official position has been clear: Beijing called for Washington to reconsider its decision and to stay in the treaty regime, citing the INF's "great significance in improving relations between major

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<sup>13</sup> Malik, 1989.

<sup>14</sup> Mazarr, 1988.

<sup>15</sup> See "Joint U.S.-Russian Statement on the Treaty on the Elimination of Intermediate-Range and Shorter-Range Missiles at the 62nd Session of the UN General Assembly," U.S. Department of State, Office of the Spokesperson, October 25, 2007. As of March 21, 2019: <https://2001-2009.state.gov/r/pa/prs/ps/2007/oct/94141.htm>

<sup>16</sup> See, for example, Putin's remarks at the 2016 Valdai Conference at President of Russia, "Meeting of the Valdai International Discussion Club," October 27, 2016. As of March 21, 2019: <http://en.kremlin.ru/events/president/news/53151>

<sup>17</sup> "China Rebuffs Germany's Call for U.S. Missile Deal with Russia," Reuters, February 17, 2019; and U.S. National Air and Space Intelligence Center, *2017 Ballistic and Cruise Missile Threat Report*, June 30, 2017, pp. 3, 7.

<sup>18</sup> Jacob Stokes, *China's Missile Program and U.S. Withdrawal from the Intermediate-Range Nuclear Forces (INF) Treaty*, Washington, D.C.: U.S.-China Economic and Security Review Commission, February 4, 2019, p. 3. As of March 21, 2019: [https://www.uscc.gov/sites/default/files/Research/China%20and%20INF\\_0.pdf](https://www.uscc.gov/sites/default/files/Research/China%20and%20INF_0.pdf)

powers, strengthening international and regional peace, and maintaining global strategic balance and stability.”<sup>19</sup>

Given China’s approach to the original INF negotiations, it is plausible that there are some significant concerns in Beijing about the treaty’s demise, or more specifically the implications of its demise for the U.S. and Russian force postures (both nuclear and conventional) in Asia. Clearly, these concerns first and foremost relate to potential U.S. plans to deploy INF missiles to the Asia-Pacific theater. China has benefited from the INF because the treaty prevented the United States from deploying intermediate-range ground-based systems while China was able to develop its own conventional capabilities. But the reappearance of Russian INF missiles east of the Urals would also be a headache for Chinese planners. Given the relatively modest size of Beijing’s arsenal, the capability of any potential adversary to strike launch sites or C2 nodes deep within Chinese territory would be an unwelcome development.

However, several key developments since the 1980s make the potential reemergence of Russian INF missiles less threatening today than it was then. First and most importantly, the political-military relationship between Moscow and Beijing has dramatically improved. With agreed borders, mutual border-area troop reductions, and extensive strategic cooperation, Russia-China relations have undergone a radical transformation compared with the period of the original INF talks. Second, Beijing’s nuclear forces have become much more survivable, with more-mobile missiles and the introduction of submarine-launched ballistic missiles.<sup>20</sup> Third, Russia, unlike the Soviet Union, now fields ALCMs and SLCMs, making the reintroduction of GLCMs less of a potential military-strategic game-changer.

That said, whereas the United States would not adjust its nuclear posture because of increases in the UK or French nuclear arsenals, the same cannot be said of Russia and China. The nature of their strategic relationship is such that, in its contingency planning, China will take into account changes in Russia’s posture. Although relations are close today, both sides hedge regarding future developments.

## Potential Implications of the INF’s Demise for Russia-China Relations

The impact of the demise of the INF on Russia-China relations will depend on future U.S. and Russian decisions on the development and deployment of INF missiles and on the broader dynamics in great-power relations.<sup>21</sup> Currently, U.S. relations with both Russia and China are highly contentious, with shared expectations of continued—and perhaps intensified—future tensions. Meanwhile, Russia-China ties are closer and more constructive than they have ever been in the modern era; Beijing and Moscow also share the view that the United States represents the most significant threat to them both. The state of these relationships will be the prism through which any potential future INF missile deployments will be viewed.

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<sup>19</sup> “China Urges U.S. Not to Withdraw from Nuclear Treaty with Russia,” Reuters, February 2, 2019.

<sup>20</sup> Heginbotham et al., 2017.

<sup>21</sup> I focus exclusively on the impact on Russia-China relations rather than the overall regional impact of the INF’s demise.

Russia has publicly stated that it will not deploy any future INF missiles in a particular regional theater unless the United States does so first.<sup>22</sup> (One should interpret that statement to exclude the SSC-8, the Russian missile system that the United States believes to be inconsistent with the INF, which is already deployed and which Russia continues to insist is not subject to the treaty's provisions). If the United States follows through on its plans to deploy ground-based missiles in the Asia-Pacific and Russia responds in kind, China is likely to be more concerned with these U.S. missiles than with any Russian retaliatory deployments, assuming relations between the countries are broadly similar to what they are today. If the current cooperative climate of Russia-China relations persists, there are consultative mechanisms in place that could allow Moscow and Beijing to avoid public friction over such deployments and to mitigate substantive concerns behind the scenes. If Russia were not to follow through on its pledge and instead deploy INF missiles (including to Asia) without a first U.S. move and without prior consultation with Beijing, relations could deteriorate. However, such a development seems highly unlikely.

More broadly, given the potential challenges to China arising from post-INF U.S. missile deployments to the Asia-Pacific, one can hypothesize that some in Beijing might be displeased with Russia's role in the INF's downfall. Even if the Chinese might empathize with Moscow's view that it is merely responding to perceived U.S. aggressive moves, they certainly would have preferred for Russia to have made the necessary concessions to keep the United States in the INF regime and thus constrained in its Asia-Pacific force posture. Moscow's pursuit of its interests in this context is understandable to Beijing, but the problems it creates for China are real. An apt analogy is the Chinese attitude toward Russia's annexation of Crimea. Beijing did not publicly criticize the Russian move, but it did not applaud it either, because the precedent of separatism and national self-determination is a problem for China in the context of Taiwan, Tibet, and Xinjiang.

One can also imagine potential future U.S.-Russia post-INF talks that catalyze a situation similar to the trilateral dynamics of the INF negotiations. Indeed, Russian officials have hinted at openness to considering a proposed mutual commitment not to deploy INF systems in Europe.<sup>23</sup> The feasibility of such an agreement, of course, is dubious in light of U.S.-Russia differences regarding the SSC-8. However, if it were possible to come to a bilateral agreement banning INF missiles in Europe, China certainly would not be pleased, because that would leave no restrictions on future U.S. (or Russian) deployments in Asia. Pursuing such an agreement covering Europe might thus serve U.S. interests in avoiding a repeat of the Euromissile crisis while also exposing potential Russia-China fissures. However, U.S. allies in Asia, particularly Japan, might be equally disconcerted by such an agreement.

No matter what transpires with future INF missile deployments, Moscow will seek to avoid any significant increase in China's nuclear warhead numbers. Russia's qualitative and

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<sup>22</sup> See Putin's comments in his meeting with the Foreign and Defense ministers on the INF withdrawal, President of Russia, "Vstrecha s Sergeem Lavrovym i Sergeem Shoigu" ["Meeting with Sergei Lavrov and Sergei Shoigu"], February 2, 2019. As of March 21, 2019: <http://kremlin.ru/events/president/news/59763>

<sup>23</sup> See interview with Russian Deputy Foreign Minister Sergei Ryabkov in Elena Chernenko, "'SShA dlya sebya uzhe vse reshili'," *Kommersant*, December 19, 2018.

quantitative nuclear predominance over China is seen as a strategic necessity in Moscow, particularly given China's growing conventional military advantages.<sup>24</sup> If U.S. INF missile deployments in Asia catalyze a Chinese missile buildup in the region, there could thus be additional strain on the Russia-China relationship. But both sides would likely concentrate their ire on Washington.

Russia and China do appear to have different positions regarding the future of strategic arms control. Russian officials have repeatedly stated that any future reductions of strategic weapons would have to be multilateral, including the United Kingdom, France, and China. Chinese officials have stated that the United States and Russia would have to make much deeper cuts before China is prepared to join the process. The Barack Obama administration's implicit position, as evinced by the 2013 U.S. proposal to reduce U.S.- and Russian-deployed strategic warheads by one-third below New START levels, was similar to the Chinese view; the proposal suggested that further bilateral cuts were warranted before "multilateralizing" the process. (Russia rebuffed that U.S. proposal). The current U.S. position on this issue is unclear. The Donald Trump administration continues to review the question of New START extension and has not publicly demonstrated any interest in further nuclear reductions. In principle, however, a push for multilateral talks on further reductions could highlight latent differences between Russia and China on this matter.

Several first-order policy decisions are currently hanging in the balance: what INF missile systems the United States will develop; where it will seek to deploy them; what negotiated restrictions it might be willing to accept on INF missile systems, if any; and what its future plans are for strategic arms control. Once decisions have been made on these matters, Congress could push for an implementation plan that reflects the U.S. strategic interest in avoiding a Russia-China condominium. However, the broader context of relations will be a key factor: If current circumstances, whereby Russia-China relations are relatively close and U.S. relations with both are increasingly tense, persist, Washington will have limited leverage to exploit differences between Moscow and Beijing on this issue to advance U.S. interests and those of U.S. allies and partners.

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<sup>24</sup> Jacob Kipp, *Asia Drivers of Russian Nuclear Force Structure*, Washington, D.C.: Nonproliferation Policy Education Center, 2010.