

Russian-Chinese Relations and Russia's Turn to Asia

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INTRODUCTION

The idea of Russia “turning to Asia/the East” has been a recurrent element of Moscow’s post-Cold War foreign policy. Russian politicians and commentators underlined the need to balance their country’s engagement with the West by adopting a more active policy towards Asian states as early as the first half of the 1990s. These calls were mostly driven by growing disappointment in Russian-Western relations. The most recent phase of this policy can be traced back to the early-2010s and was powerfully symbolized by the 2012 APEC summit in Vladivostok. Russia’s “pivot to the East” (*povorot na vostok*) galvanized in the aftermath of the Russian-Western crisis over Ukraine. Moscow’s relations with Beijing stood out against the backdrop of intensifying ties between Russia and its Asian neighbours, drawing the bulk of attention from the external world.

The sceptical attitude towards the official narrative of the “strategic partnership” promoted by the two states was best captured by Bobo Lo, who—back in 2008—coined the term the “axis of convenience.” This interpretation points to the fragility of the relationship, which is deemed pragmatic up to the point of opportunism. Recent developments have, however, prompted observers to take positions at the opposite end of the spectrum and to speak of “the entente”¹ or the “alliance in all but name.”² What links these two radically different positions is the underlying assumption that leaders in the Kremlin and the Zhongnanhai have complete autonomy in steering their states’ mutual relationship and that they can act without any limits and constraints.

This article argues that close cooperation with China has reduced Russia’s room for manoeuvre in Asia and has made it increasingly difficult for Moscow to emerge as a fully-fledged participant of the East Asian regional order. This phenomenon has turned into a structural obstacle, a barrier to Russia’s policy in Asia. The “Sinocentric” orientation of Russia’s foreign policy helps to explain why the Kremlin’s turn to the East has largely remained on paper and why Russia’s efforts to diversify its foreign policy in Asia have turned out to be futile.

The article is structured as follows. The first part discusses the current state of Russian-Chinese relationship. The second section identifies goals of Russia’s turn to Asia and analyses underpinning assumptions.

1 Dmitri Trenin, *From Greater Europe To Greater Asia? The Sino-Russian Entente* (Carnegie Endowment, April 2015).

2 Rensselaer W. Lee and Artyom Lukin, *Russia's Far East: New Dynamics in Asia Pacific and beyond* (Boulder: Lynne Rienner Publishers, 2016), pp. 117–119.

The subsequent section illustrates the influence of Sinocentrism on Russia's policy towards Asia with three cases: the South China Sea issue, Russia-Japan cooperation, and the turn of the Philippines away from the US. The final section discusses implications of Sinocentrism for Russian-Chinese relations and the prospects of Russia's turn to the East.

THE EVOLVING RELATIONSHIP

Bitter ideological and strategic enemies since the early 1960s, Russia and China altered their relationship following the fall of communism. Contemporary official narratives promoted by both sides emphasise that bilateral relations are better than ever.³ Moscow and Beijing depict their cooperation as an "equal trustful partnership and strategic co-operation" (*равноправное доверительное партнерство и стратегическое взаимодействие; hùxìn de zhànlüè xiézuò huōbàn guānxì*).⁴ Celebrating the tenth anniversary of the treaty on co-operation and friendship in 2011, Vladimir Putin and Hu Jintao characterised the relationship between their countries as built on non-ideological foundations of equality and mutual trust.⁵ Five years later, at the 2016 summit, the joint communique portrayed the relationship not only as the best in history, but also as one based on solid political trust.⁶ At the 2019 summit, the "comprehensive strategic partnership of coordination" gained an extension "in a new era." These declarations have been accompanied by the deepening and widening of actual Russian-Chinese cooperation, ranging from energy contracts and multi-billion dollar loans to joint military exercises and sales of advanced military technology.

Shared aversion towards numerous features of the post-Cold War liberal international order and US unilateral policies has provided a solid foundation for Sino-Russian cooperation. Western promotion of democracy, readiness to intervene militarily in the face of humanitarian crises as well as the defence of human rights generated particular animosity in Moscow and Beijing. It would, however, be a mistake to reduce Sino-Russian ties to joint anti-US or anti-Western posturing. Sino-Russian cooperation has gained in substance for the last decade, especially in military, energy and economic realms.

3 See e.g., *Kontsepsiia vneshnei politiki Rossiiskoi Federatsii (utverzhdena Prezidentom Rossiiskoi Federatsii V. V. Putinym 30 noiabria 2016 g.)* point 84, available at http://www.mid.ru/ru/foreign_policy/official_documents/-/asset_publisher/CptICkB6BZ29/content/id/2542248

4 The webpage of the Ministry of Foreign Affairs of the Russian Federation, <http://www.mid.ru/strategicheskoe-partnerstvo-s-kitaem> (last accessed 26 February, 2017)

5 "Sovmestnoe zaiavleniie Prezidenta Rossiiskoi Federatsii i Predsedatelia Kitaiskoi Narodnoi Respubliki v sviazi s 10-letiem dogovora o dobrososedstve, družbe i sotrudnichestve Mezhdru Rossiiskoi Federatsiei i Kitaiskoi Narodnoi Respublikoi. 16 iyunia 2011 goda" available at <http://kremlin.ru/supplement/966> (last accessed 26 February, 2017)

6 "Sovmestnoe zaiavlenie Rossiiskoi Federatsiei Kitaiskoi Narodnoi Respubliki. 25 iyunia 2016 goda" <http://kremlin.ru/supplement/5100> (last accessed 26 February, 2017)

Regular land and naval exercises, conducted by both militaries since 2005 and 2011 respectively, have been crowned with the Chinese participation in the Vostok-2018 exercises. A Chinese brigade took part in the largest military drills in Russia since the 1980s. As the exercises required three thousand Chinese troops to be transported across Russia, both states had to master practical details of international military collaboration. Secondly, previous editions of the Vostok exercises (2010, 2014) used to be interpreted as implicit warning signals sent towards China, confirming the Russian military's robustness and preparedness. China's participation in the current edition testifies to the evolution of Russia's threat assessment and subsiding fears of China's rise. The Vostok-2018 exercises were followed by annual naval drills, Joint Sea, staged in the first half of 2019 in the Yellow Sea.

In the energy realm, the natural gas "leg" of cooperation began to catch up with the well-developed collaboration in the oil sector. While Russia has been China's number one crude oil supplier since 2016, having surpassed Saudi Arabia, in 2018 Russian export broke a record. Russian companies provided their Chinese counterparts with 67 million tons of oil, i.e. one-fourth of total export. China has also emerged as a top foreign investor in the Russian LNG sector, having added a stake in the new Arctic-2 LNG project to already possessed shares in the Yamal-LNG project. That way Beijing not only secured additional supplies but also strengthened the foundations of Putin's political economy—Novatek, the company behind the project, is owned by people said to be close to Vladimir Putin. On top of this, Power of Siberia, a long-expected gas pipeline, is to come online towards the end of 2019. Even though the initial volume is going to be relatively small, newly explored gas resources in Eastern Siberia are increasingly tied to the Chinese market and fenced off from other potential customers.

Economic cooperation, which was always considered the Achilles' heel of the Sino-Russian relationship, seems to have finally advanced. Last year, bilateral trade turnover reached US\$ 108 billion. According to Russian officials, Chinese companies are currently implementing 30 investment projects with the value of US\$ 22 billion. Even cross-border cooperation in the Russian Far East took off, with US\$ 3,5 billion of the Chinese investments being implemented and the first ever bridge over the Amur River completed.

Sceptical Observers

US- and Europe-based observers still remain sceptical as to the viability and resilience of Sino-Russian relations. For instance, the Swedish think-tank FOI characterised the relationship as "a fluid alliance of two dissatisfied powers, which allows for cooperation in certain areas, but also for divergent views" and "has elements of both competition and distrust."⁷ The British Centre for Euro-

7 Märta Carlsson, Susanne Oxenstierna and Mikael Weissmann, *China and Russia: A Study on Cooperation, Competition and Distrust* (Stockholm: Totalförsvarets forskningsinstitut, 2015), p. 11.

pean Reform sees China and Russia as “often bracketed together as the West’s most important adversaries” but emphasises that “the differences between them are significant.”⁸ The Paris-based EU think-tank EU Institute for Security Studies claimed that “the relationship has not lived up to the rhetoric” as “each side has different expectations of the relationship, making an alliance or even a deep strategic alignment all but impossible.”⁹ The European-wide think-tank European Council of Foreign Relations interprets the current state of the relationship in terms of “many opportunities to team up on an issue-by-issue basis.”¹⁰ The German SWP claimed that “Russia’s turn to China represents more than mere symbolism” and “has significantly gained in substance in almost all areas.”¹¹ US-based NBR asserts that “while not a formal alliance, the Sino-Russian relationship has gone well beyond the common view a decade ago that it represented an ‘axis of convenience’ with limited impact on U.S. interests.”¹²

Despite the ever broadening scope of collaboration between the two states, there is an almost universal consensus among scholars and observers that distrust continues to underpin Sino-Russian relations. The absence of mutual trust is a recurrent reference point for those Western, Russian and Chinese scholars who remain sceptical of Moscow and Beijing’s official narratives. Bobo Lo contended that their interactions are “hampered by ambivalence, lack of trust, and often conflicting priorities.”¹³ Rensselaer Lee and Artyom Lukin argued in their study on the Russian Far East that “mutual suspicions remain high.”¹⁴ David Shambaugh interpreted China’s place in international politics as that of a “lonely power,” claiming that China has no genuine allies and depicted Beijing’s relationship with Moscow as underpinned by distrust.¹⁵ Three out of six recent think-tank reports referred to distrust as one of major limitations for Russian-Chinese cooperation. The authors of a FOI paper depicted the Sino-Russian relationship as riddled with competition and distrust, despite

8 Ian Bond, *Russia and China: Partners of Choice and Necessity?* (London: Centre for European Reform, 2016), p. 7.

9 Michal Makocki and Nicu Popescu, *China and Russia: An Eastern Partnership in the Making?* (Paris: European Union, Institute for Security Studies, 2016), p. 8.

10 Mathieu Duchâtel and François Godement, *China and Russia: Gaming the West* (Berlin: European Council on Foreign Relations, 2016), p. 2.

11 Margarete Klein and Kirsten Westphal, *Russia: Turn to China?* (Berlin: Stiftung Wissenschaft und Politik, 2016), p. 5.

12 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* (Seattle: The National Bureau of Asian Research, 2017), p. v.

13 Bobo Lo, *Russia and the New World Disorder* (Washington, DC: Brookings Institution Press with Chatham House, 2015), Kindle Edition, Kindle Locations 3414–3415.

14 Lee and Lukin, *Russia’s Far East*, p. 3.

15 David Shambaugh, “Chinese Thinking About World Order,” in Xiaoming Huang and Robert Patman, eds., *China and the International System: Becoming a World Power* (London: Routledge, 2013), p. 7.

cooperation on certain aspects.¹⁶ Observers from the ECFR contended that “strategic mistrust between the two countries will prevent them from capitalising on the available opportunities.”¹⁷ Some Russian analysts tend to share these opinions. Alexander Gabuyev spoke of “mutual distrust between the elites of both countries, particularly on the Russian side.”¹⁸ Chinese scholars also seem to agree with these arguments: “[China and Russia] meet some problems such as a shortage of deep-level mutual trust.”¹⁹

A Growing Power Asymmetry...

The growing power asymmetry between Russia and China has been one of main reasons behind the above presented scepticism. This asymmetry, which has increased since the 2008–2009 global economic crisis, has not prevented Russia—a weaker side—from developing closer ties with China. On the contrary, Russia’s engagement with China has only contributed to the further widening of the already existing gap. This asymmetry manifests itself in a number of ways, from a gap in material capabilities to different roles in the international realm.

In the 2000s, Russian and Chinese economies grew at an impressive pace, 5–6% and over 10%, respectively. In 2008, China’s GDP was more than two and half times bigger than Russia’s. The 2008–2009 global economic crisis hit Russia much harder than China. Russia had suffered a deep recession after which it did not return to pre-crisis growth level. Meanwhile, China managed to maintain high-level growth. Prior to the Ukrainian crisis, in 2013, China’s economy was four times bigger than Russia’s. The fall in oil prices, coupled with Western sanctions following the annexation of Crimea pushed Russian economy into a recession. China, in turn, maintained the growth level at around 6.5–7% per annum. Consequently, in 2017, China’s GDP was already eight times that of Russia.

China’s nominal GDP grew to US\$12,2 billion in 2017 (to US\$ 23,3 billion in PPP terms). The Chinese market is now nearly the same size as that of the Eurozone economy. As a user of resources, China is bigger than the US and accounts for around 18% of global output. The country’s technical achievements are impressive and include soaring patent application numbers and widespread use of industrial robots. Economic issues play a key role in Chinese politics at the same time as China’s economic interests, such as the international position of the yuan, have become issues of global concern.

The Russian economy, meanwhile, stagnated and its share of world PPP-adjusted GDP (below 3%) is declining. As a result of the weak economy

16 Carlsson et al., *China and Russia*.

17 Duchâtel and Godement, *China and Russia*.

18 Alexander Gabuyev, *Friends with Benefits? Russian-Chinese Relations After the Ukraine Crisis* (Washington, DC: Carnegie Endowment for International Peace, June 2016), p. 30.

19 Huang Qing and Zhang Ping, “Twenty-year Sino-Russian Relations: Strategic Cooperation of Stable Development,” *Academic Journal of Russian Studies* 3 (2013), available at http://en.cnki.com.cn/Article_en/CJFDTotalelSX201303008.htm (last accessed 26 February, 2017)

and the rouble's decline, nominal GDP reached just US\$ 1,6 billion in 2017 (US\$ 3,75 billion in PPP terms), i.e. less than half the size of the German market. Russia's growth and development prospects deteriorated further after the annexation of the Crimea in 2014 and ensuing sanctions. Russian politics currently gives the economy only a secondary role. Divergent macro-economic developments are reflected in living standards. Although Russia is still clearly above China in terms of per capita GDP, the gap is narrowing. Partly due to the weakness of the rouble, nominal industrial wages measured in dollars are already higher in China than in Russia.

Differences in economic performance translate into the growing asymmetry between the two states' military expenditures. In terms of military budgets, China used to spend twice more than Russia on its armed forces, which to some extent could be justified by the fact that the Chinese armed forces are twice larger than their Russian counterparts. In 2008, Russia's military expenditure amounted to US\$ 61 billion and China's to US\$ 106 billion. In 2013, Russia spent US\$ 84 billion on defence, while China US\$ 171 billion. In 2017, Russia's military expenditure measured in US dollars dropped to US\$ 66 billion, while China's increased to US\$ 228 billion, amounting to three times as much as Russia's spending. What is an even more acute illustration of the growing asymmetry, China's military expenditures increased in absolute numbers but they remained at the same level of 1.9% GDP. Russia, in turn, devotes a much larger portion of its budget to its military spending. The share of GDP rose from 3.3% in 2008 to 4.3% in 2017, with the peak of 5.5% a year before. The difference in available financial resources translates into a qualitative difference. China has been conducting tests of its second aircraft carrier, the first built in the Chinese shipyard, whereas Russia plans the general renovation of its only aircraft carrier.

Russia's failed attempts at modernising its economy imply that the current ruling regime is unable to generate strong impulses for long-term economic development. As a result, the gap between Russia and China measured by GDP, military budgets and high technology should be expected to grow. Russia's reliance on technologies "made in China" can substantially increase and include new areas, from telecommunications to weapon systems.

The gap in material capabilities was accompanied by a growing political gap—Russia needed China's support more than China needed Russia's. This kind of asymmetry stemmed from different relations the two states have developed with the West, and with the US in particular.

Sino-American relations represented a mixture of selective competition and economic interdependence. The post-Cold War US policy towards China was based on the assumptions that Beijing could be socialised into the liberal international order and that China would ultimately emerge as a "responsible stakeholder," one that would share the global governance burden with the US. It is only since the 2016 presidential campaign when a new consensus in the US has been emerging, having culminated in the recognition of China and Russia as rivals by the 2017 National Security Strategy.

The relationship between Russia and the US tended to worsen incrementally ever since 2005–2006. The attempts to mend ties, such as the “reset” policy, did not manage to reverse the general trend. Russia’s 2014 annexation of Crimea, its intervention in Eastern Ukraine and the resulting Western sanctions only deepened the asymmetry of mutual reliance and need between Moscow and Beijing. Russia’s room for manoeuvre vis-à-vis China diminished along with Moscow’s rising dependence on Beijing’s political and economic support. At the same time, as it maintained a good relationship with the US and benefited from the open global order, China avoided taking sides and did not render explicit support to Russia in the latter’s revisionist policy towards the West. Beijing did not want to back Russian actions that had put pressure on the US.

Growing asymmetry in the regional dimension, further weakening Russia’s position vis-à-vis China, is even more visible. Beijing has the upper hand in Central Asia’s economy and energy sector. So far, it has exercised a policy of self-restraint and avoided open security engagement that would bypass Russia. However, as growing Sino-Tajikistani cooperation on the Afghan border illustrates, this may change. Moreover, China may increase its political-economic footprint in other post-Soviet states, in particular Belarus and Ukraine. As the competition between two regional projects in Eurasia—the Eurasian Economic Union and the Silk Road Economic Belt—shows, Moscow can save face using grand rhetoric and sketching ambitious initiatives but it cannot withstand actual financial and economic competition with China.²⁰

Is Russia Hedging against China?

Some authors see Russia’s policy towards China as one of hedging. On the one hand, both states are nuclear-armed powers and, as such, retain a hedge against any other state, regardless of how particular bilateral relations look like. Russia’s nuclear arsenal gives it an upper hand over China. Commentators often invoke the nuclear primacy as Russia’s ultimate way to offset a possible Chinese advantage in conventional forces. On the other hand, scholars tend to disagree as to which of policies pursued by Russia and China can be interpreted as hedging. The revival of arms sales is but one example of the limited scope of Russia’s hedging policy.

The breakdown of the arms sales in mid-2000s was interpreted as one of the most obvious signals of Russia’s lack of trust towards China. In addition, Russia always paid attention to provide India with at least slightly more technologically advanced equipment than that sold to China. Russian-Chinese arms trade revived in the early-2010s, making China one of the leading cus-

20 On competing regional projects in Eurasia, see: Alexander Gabuev, “Crouching Bear, Hidden Dragon: ‘One Belt One Road’ and Chinese-Russian Jostling for Power in Central Asia,” *Journal of Contemporary East Asia Studies* 5:2 (2016); Gaye Christoffersen, “Sino-Russian Accommodation and Adaptation in Eurasian Regional Order Formation,” *Asian Perspective* 42:3 (2018).

tomers of the Russian military-industrial complex. The real breakthrough occurred in 2016, when the two states signed contracts on the sale of two complex weapon systems: the four-plus generation fighter jets Su-35 and S-400 anti-missile systems. These systems are technologically more advanced than those sold by Russia to other Asian customers, such as India or Vietnam. Russia reversed its traditional pattern of arms sales in Asia. In the case of the Su-35 and S-400, China became the first foreign buyer of these technologies. Russia disregarded its previous accusation of China of illegal copying and reinforced China's armed forces' potential, which potentially could threaten Russia in the future. This implies the resignation from previous policy of hedging against China by maintaining close ties with India.

The most far-reaching and potentially most fruitful hedging policy of Russia would be the diversification of ties with other Asian states.

THE TURN TO ASIA: GOALS AND ASSUMPTIONS

Russia's turn to the East declared in the early-2010s has often been interpreted as a way of hedging against China's rise. The turn to the East required from Russia a change in its policies. In terms of political cooperation, it meant the diversification of political ties, i.e. the development of infrastructure for political and security dialogue with other states than China. With regard to the economic realm, it required diversifying trade flows, developing commercial ties with and attracting investment from a number of East Asian countries. In the energy sphere, the turn to the East meant finding new customers for Russia's oil and gas, rather than just increasing export to China. Russia was also expected to actively participate in the regional crisis management mechanisms and gain recognition as a full participant of the East Asian order.

The current phase of the turn to Asia began under the then-president Dmitrii Medvedev in the late-2000s and was made a priority with Vladimir Putin's return to presidency in the early 2012. This policy had two inter-related goals: to make Russia a fully-fledged participant of the East Asian politics, a *sui generis* third party for the smaller states squeezed between the US and China, and to avoid Russia's dependence on China in East Asian politics. Russia shared its unwillingness to see the Asian region dominated by China with other players, including the US.²¹

The successful implementation of Russia's strategic turn to the East required a reversal and change of particular policies. In terms of political cooperation, it meant the diversification of political ties, i.e. the development of infrastructure for political and security dialogue with other states than China. With regard to the economic realm, it required diversifying trade flows, developing commercial ties with and attracting investment from a number of East Asian countries. In the energy sphere, the turn to the East meant finding new

21 Lee and Lukin, *Russia's Far East*, p. 246.

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The assumption of the Kremlin behind the pivot was that Russia was able to become a relevant actor in the East Asian region, in terms of politics, inter-state relations, economy, energy deliveries, trade, investment. Russia was to become attractive for East Asian states, thus reviving its own Far East. There was also an implicit assumption that Russia had at its disposal tools, which would make such a shift towards the East possible. Moscow has formally been part of regional multilateral institutions and it seemed that it was possible to build upon the existing ties, such as the East Asia summit or Russia-ASEAN dialogue.

THE INCOMPLETE IMPLEMENTATION

Discussing Russia's turn to Asia and its prospects, it is necessary to take into consideration all the idiosyncrasies of East Asian politics, especially Russia and China's respective positions. In East Asia, Russia and China cannot be considered equal or symmetrical actors. While in other regions and in the global dimension, their relative advantages may neutralize one another and support the case for a symmetrical relationship, the asymmetry in East Asia is particularly acute. Scholars agree that China remains Russia's major partner in East Asia and that there is large asymmetry between the two states. Lee and Lukin argue in their recent work that "Russia appears to have already tacitly acknowledged the primacy of Chinese interests in East Asia."²² Still, they see potential friction in the case that Russia would like to intensify its activities which would go directly against Beijing's wishes to dominate the region, e.g. by demanding from Moscow to degrade ties with Vietnam, Japan or India.²³

China remains Russia's key partner in the East Asian region. Similar views on international politics and similar interests form the basis for Sino-Russian political cooperation. These include first and foremost the opposition towards the US political-military domination in the Asia-Pacific region as well as the willingness to rearrange the security architecture of the region.

Russia achieved some successes in implementing its "pivot" to Asia. Moscow intensified political dialogue with Japan, including the establishment of the 2+2 (foreign and security ministers) consultation mechanism. Russian arms sales to Vietnam, coupled with close political ties and cooperation in the energy realm, seriously strengthened Hanoi in its policy of hedging against China. Moscow maintained neutral stance regarding the disputes in the East and South China Seas, while engaging more vigorously in the Korean nucle-

²² Lee and Lukin, *Russia's Far East*, p. 123.

²³ *Ibid.*, pp. 127-128.

ar crisis. The construction of the ESPO pipeline's branch to the Pacific Ocean brought Russian oil to Asian customers, such as Japan or South Korea. The development of the Sakhalin LNG project allowed for maintaining a diversified portfolio of recipients, with Japan purchasing around 2/3 of the output. Russia's potential as a counterweight to China was confirmed by Moscow joining the East Asian Summit at the invitation of ASEAN states.

However, contrary to Moscow's presumed expectations, the turn to the East has not balanced Russia's Sinocentric orientation in its policy towards Asia. Russia's rapprochement with Japan has faced an insurmountable obstacle of unresolved territorial dispute regarding the South Kurile/Northern Territories islands. Moreover, the Kremlin does not see Japan as an autonomous player due to Tokyo's reliance on the US. In the Korean Peninsula, Russia remains in the shadow of China—even if rhetoric concerning the Korean crisis differs, Russia's actions tend to follow those of Beijing. Moscow does not have enough leverage over North Korea to offer a meaningful contribution to regional peace and stability that would in turn bolster Russia's position towards South Korea. Furthermore, the decision to build the *Power of Siberia* gas pipeline to China has rendered any alternatives that would supply North and South Korea unattainable. The plans for the Vladivostok-LNG were dropped, further limiting options for diversification of Russian energy export in Asia. Russia's trade with China (US\$ 84 billion in 2017) dwarfs its economic cooperation with other Asian states (US\$ 20 billion with Japan, US\$ 19 billion with South Korea, US\$ 3.7 billion with Vietnam).

China remains Russia's most important trade partner among East Asian states. In 2015 Russian-Chinese trade reached US\$ 64 billion, three times as much as Russia's trade with Japan (US\$ 20 billion) and four times as with South Korea (US\$ 16 billion). China, Japan and South Korea have similar positions as investors in Russia.

In terms of energy policy, the existing and planned infrastructure is mostly bound for China and China increased its position as number one customer for Russian crude oil. The existing oil pipeline, East Siberia—Pacific Ocean (ESPO), has two sections, one to Daqing in China, another to Nakhodka/Kozmino on the Pacific coast. Russia and China started the construction of a second branch from Skovorodino to Daqing, parallel to the already existing one which would double the capacity of the section to China. The two states began also to build the gas pipeline, the *Power of Siberia*, which would link Russia and China directly and would not supply any other state. Moreover, Gazprom withdrew from previous plans to build an LNG facility in Vladivostok which would balance future Russian gas sales to China by offering natural gas to other Asian customers. China is a major contributor to the flagship private project, Novatek's Yamal-LNG. Chinese company, CNPC, holds a 20% stake in the project (France's Total is another foreign stakeholder) and contracted the purchase of 3 million ton LNG per annum. The Chinese banks promised a US\$12 billion loan for the project's development. Against this backdrop, Japan offered US\$ 400

million investment in the project. The only major exception to this Sinocentric pattern is the Sakhalin-2 LNG facility. Japanese firms hold stakes in the project and Japan is the biggest buyer of gas, with South Korea and China being two other major customers. China purchases increasing amount of Russian crude oil, using not only the pipeline to Daqing but also the Pacific terminal which Russia assumed would serve as a tool of diversification, providing the resources for other customers than China.

China's economic presence in the Russian Far East (RFE) is highly visible in terms of trade but, at the same time, still limited in terms of investment. China is the biggest trading partner for the majority of the provinces of the RFE. Still, Japan accounts for around 1/3 of investments, while China only for 2%.²⁴ These statistics are prone to change as China started investing more in the RFE after the Ukrainian crisis. According to the Russian sources, it amounts to 22%.²⁵ It is still unwilling to make greenfield investments and prefers to keep processing of the resources on its own side of the border, but a number of central Chinese companies gained interest in the RFE and there are prospective investments. China started building a railway bridge across the Amur river, it plans to develop the Zarubino port and create the casino resort.²⁶

China and Vietnam are two most important clients of the Russian military-industrial complex in East Asia. Following several years of almost total breakdown of cooperation, since the early 2010s Chinese imports (including spare parts and servicing) reached the level of US\$ 2 billion annually. In 2015 Russia estimated the turnover on US\$ 3 billion. Among other things, China turned out to be unable to produce its own jet engines and helicopters. Moreover, in 2016 China and Russia struck the agreement on the sale of advanced weapons systems which Russia had refused to sell till then: the S-400 anti-missile complexes and the Su-35 fighter jets. Vietnam purchased from Russia six submarines which seriously reinforced its maritime capabilities and strengthened its hand in territorial disputes with China. Apart from this, however, Russia did not find new customers in the East Asian market, despite growing arms purchases by the region's states.

China remains Russia's only partner in the sphere of security and defence cooperation. Both states conduct regular military exercises: the land ones termed "Peace Mission" (*Mirnaia Missiia*), either within the SCO framework or in a bilateral formula, and the naval ones, "Joint Sea." Russia and China share their opposition to the American deployments of missile defence system, both in South Korea and Japan. The recent decision to deploy THAAD system in the former pushed Russia and China closer together with regard to regional security. Russia's role in regional crisis management is almost non-existent. Within

24 Ibid., p. 243.

25 <http://tass.com/economy/924007>

26 Lee and Lukin, *Russia's Far East*, p. 240.

the Six-Party Talks framework Moscow tended to follow Beijing and it used to adhere to the Chinese position on the North Korean issue at the UN Security Council. In effect, Russia plays second fiddle to China in East Asia.

Formally, Russia belongs to all regional cooperation institutions, such as APEC or the East Asia summit. At the same time, Moscow remains inactive, in terms of both political attention and economic cooperation. The Russia-promoted free trade zone between the Eurasian Economic Union and Vietnam is the only exception to this pattern. Moscow has attempted to convince Thailand and Singapore to start talks on the establishment of free trade zones but with weak results. Russia's potential offer for East Asian states is overshadowed by the Chinese initiatives, such as the 21st-century Maritime Silk Road, China-ASEAN free trade zone, and the Regional Comprehensive Economic Partnership.

The Failed Act of Balancing

Close ties with China limit Russia's possibilities and contribute to Russia's failure to act as a "third party" for states "squeezed" in-between the US and China. Three cases illustrate Russia's limitations: the evolution of Russia's position on the South China Sea territorial disputes, the current state of the Russian-Japanese cooperation, and Russia's role in the foreign policy of the Philippines.

Over the years, Russia maintained strict neutrality with regard to the territorial disputes in the South China Sea. Moscow's position evolved over the last two years. In terms of rhetoric, Russia declared at several occasions that outside powers should not interfere with the disputes, thus repeating and reaffirming the Chinese position. In terms of behaviour, the 2016 naval drills, "Joint Sea-2016" took place in the South China Sea, albeit not in the contested parts. Nonetheless, the scenario envisioned amphibious landing and taking over the islands. Summing up these small steps, we can interpret Russia's policy as a very incremental move from strict neutrality to tacit and partial support for China's position. While the change is a nuanced one, Russia does not participate in the crisis management process as an independent actor and does not contribute to regional stability—it supports, even if unintentionally, China.

Observers regard Russian-Japanese cooperation as a possible game-changer for East Asian politics. In the early- and mid-2000s, Moscow attempted to generate a *sui generis* race between China and Japan, first and foremost for the natural resources of Siberia and the Far East, and their routes of deliveries. Moscow also tried to balance the two states so as not to become too dependent on one of them. In the mid-2010s, the prospects for further balancing on the part of Russia look much less optimistically than a decade before. There are a number of practical obstacles that make the implementation of a potential strategic turn difficult.

The most important is the lack of strategic autonomy on the part of Japan. Tokyo remains heavily influenced by the US and dependent on the US with regard to security. Moreover, Russia does not seem capable of addressing

one of the most pressing Japanese concerns, i.e. the nuclear and missile programme, pursued by North Korea. Japan's response in the form of deploying another layer of missile defence may only deepen Russia's negative attitudes. Secondly, Russia would find it difficult to redirect energy streams from China to Japan. Even if the latter would be able to absorb the increase in oil and gas deliveries, Russia lacks both infrastructure and free resources, given how much is already contracted on the long-term basis by China. Thirdly, it would be difficult for Japan to increase substantially security and defence cooperation with Russia, be it in the form of arms acquisition or joint military exercises. The proposed investment in the Russian Far East would matter much more, if the Kremlin cared more about the quality of life of the RFE's inhabitants than about the strategic importance of the region.

President Rodrigo Duterte declared his willingness to turn away from the US towards China and Russia. The fundamental question is what Russia could offer to the Philippines, especially when faced with the competition on the part of China. Beijing can provide Manila with some concessions concerning the disputes territories in the South China Sea, it can offer manifold investment. Russia lacks financial means to offer support and investment, just as it does not have free resources in the energy sector to gain an upper hand. Even in the case of arms sales to the region's states, Russia may encounter difficulties, such as competition on the part of China; e.g., Thailand is going to purchase several submarines from China.²⁷

CONCLUSION

The article argued that Russia's close cooperation with China seriously limits Moscow's ability to increase its profile in East Asia and diversify its political, economic and security ties with other Asian states. Instead of playing a role of a third party, a balancer, in the region dominated by China and the US, Moscow is increasingly supporting Beijing. Because of the scope of cooperation with China, Russia has less to offer to other states; at the same time, incentives for Russia to cooperate with other states have diminished. Russia failed to achieve in East Asia what China managed to achieve in Central Asia—to become an equal participant of regional politics. As a result, the turn to the East did not transform the Russian-Chinese relationship in any meaningful way. Moscow did not win leverage over China.

²⁷ <http://www.janes.com/article/66664/thailand-progresses-chinese-submarine-procurement> (last accessed 26 February, 2017)