

The Grandeur and Miseries of Russia's "Turn to the East"

Russian-Chinese "Strategic Partnership" in the Wake of the Ukraine Crisis and Western Sanctions

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Abstract

After the start of the political crisis in Ukraine, Russia's increased involvement in it and subsequent sharp deterioration of its relations with the West, there has been much talk about Russia's "turn to the East" and efforts to upgrade its relations with China to the level of a "strategic alliance." However, even the existing framework of "strategic cooperation" is too ambiguous to sustain in the medium term as the main structural prerequisites for Sino-Russian interaction almost in all fields are problematic.

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The countries' mutual vision of cooperation is in many ways incomplete or plainly erroneous. Russia's perception of the Chinese reform experience is more emotional than sober, which is rooted in its traumatic defeat in the Cold War. There is a kind of "surrealistic realism" discourse in Russia, including fantastic expectations that Beijing will support Moscow militarily or bail out Russian state and corporate budgets simply because Russia is defending its "national interests" in Ukraine against "Western encroachments."

A certain combination of these factors in the medium-term perspective (three to five years) may lead to what now seems quite an improbable situation, with Russian-Western relations substantially stabilized and Sino-Russian interaction perceptibly cooling off. It seems plausible to assume that Russia and China may distance themselves from each other due to insufficient trust, objective limits of cooperation, and mutual fatigue.

Keywords: Russia, China, Ukraine, Russia's "turn to the East," strategic partnership, limits of cooperation.

On March 1, 2014, Russian President Vladimir Putin officially asked the Federation Council for permission to use Russian troops in the territory of Ukraine "until the normalization of the socio-political situation in that country." The permission was granted by direct open voting. This was the beginning of Russia's subsequently deepening involvement in the Ukraine crisis, which conduced to an unprecedented deterioration of Russia-West relations since the end of the Cold War and has rewritten the very logic of Moscow's post-Soviet foreign policy.

In mid-March of the same year the West imposed the first economic sanctions on Russia for the "annexation of Crimea." In April-May they were followed by another package of sanctions for Russia's apparent involvement in the unfolding military conflict in Eastern Ukraine (Donbass). These sanctions, however, were largely "personal," targeting concrete Russian civilian and military officials.

After the Malaysia Airlines Flight 17 airplane was shot down in Ukraine on July 17, 2014 by what the West widely believed was a missile fired by pro-Russian separatists, the third package of sanctions was introduced, this time combining personal "penalties" with economic

measures against certain Russian banks and enterprises in the energy and defense sectors. This package came in three waves stretching in time until December 2014.

However, already in late March, in the wake of the first package of sanctions, more and more Russian voices called for wider and broader cooperation with China. Some went as far as stating the imperative of establishing a basically new Russian-Chinese political, military and economic alliance with clearly anti-American and, broadly, anti-Western underpinning (Tavrovskiy, 2014). By the end of April, Russia's "turn to the East"—in the given conditions meaning a turn to China—became the mainstream of Moscow's new foreign policy discourse. The concept was apparently widely shared in the Russian establishment and expert community. Some people—although not professional China experts—literally anticipated the Chinese bringing suitcases of money to Russia to render help to its financial sector hit by sanctions. My cautious doubts regarding why China should do this were met with sincere bewilderment: "But we are fighting the West now, Chinese cannot help but understand the imperative to be with us at such a moment!"

Professional people from the banking, energy and aeronautics sectors were indeed quite serious that respective Chinese branches were able and would be committed to replace Western companies in providing Russia with money, expertise and technologies. Political experts' justification of Russia's "turn to the East" sounded like this: "The deterioration of [Russia's] relations with the West, which is clearly to continue for a long while..., the dire need to reshape the ugly infrastructure... of external economic relations make the turn to the East—at least partially—all the more necessary. It has started but needs further momentum" (Karaganov and Makarov, 2014).

It should be noted that the concept of Russia's "turn to the East" was formulated approximately two years before the Ukrainian crisis and the ensuing Western sanctions. In 2012, the year of Vladimir Putin's third reelection as Russian President, he declared in one of his pre-election articles: "...I am convinced that the Chinese economic growth is by no means a threat, but a challenge, which brings an enor-

mous potential of business cooperation [between Russia and China], a chance to catch the 'Chinese wind' in the sails of our economy" (Putin, 2012). The implication was clear. Russia should make better use of the opportunities promised by closer economic and cultural cooperation with China. This idea looked especially pertinent in the context of Russia's hosting an APEC summit in its easternmost city of Vladivostok. At that time there were no expectations that China would replace Western investors. The underpinning was quite sober and proceeded from the need to make Russian economic cooperation with the outside world more balanced.

Moreover, there are reasonable grounds to believe that Vladimir Putin personally has never been indulged in illusions about what China can or cannot do. Speaking at the World Economic Forum in Davos in 2009, for example, while persuading foreign partners to invest in Russia rather than in China, he pointed to a more liberalized Russian financial market as a clear advantage over China's state-regulated financial sector (Gomozova, 2018). During all of his "pre-Ukrainian" fourteen years of presidency and premiership, Putin's policy towards China was always reasonable and balanced, never stepping over the frames of the Russian-Chinese Shanghai Declaration of April 1996, which laid the foundations for the so-called Russian-Chinese "strategic partnership." The latter was a brilliant invention for both sides as it allowed them to cooperate economically and politically in the fields and circumstances they found consensually useful and demanding nothing beyond.

From this angle, what has been unfolding since the spring of 2014 in the Russian-Chinese "strategic partnership" looks like a set of ad-hoc decisions that run contrary to the general logic of Russia's post-Soviet foreign policy. It has worked like a pendulum, swinging from the "pro-Western" vector in the early 1990s to the moderate "anti-Western" stance, and "turning to China" at the end of that decade, and once again going back in the "pro-Western" direction during Vladimir Putin's first presidential term. Despite Putin's harsh critique of the Western global policy in his Munich speech in 2007, preserving constructive relations with the West was an unquestionable objective of Russia's foreign policy from 1991 on.

In the spring of 2014 the Russian leader, however, apparently decided to shift the pendulum “closer to the East.” In line with its re-born “realistic” pursuit of national interests, Russia, allegedly much neglected by the West in the recent couple of decades, had to say good-bye to its hopes for “European integration” and turn towards the East. And the biggest natural addressee of this economic and political turn was China.

The West immediately indulged in a big discussion on a “new Russian-Chinese alliance” with an anti-American and anti-Western underpinning, which spilled out into the mass media and international relations students’ classrooms.

Do these developments provide grounds solid enough to conclude that the relations between Moscow and Beijing are indeed at a turning point, moving from vague “strategic cooperation” to a close “strategic military and political anti-Western alliance”? In my view, they are not by a long shot. As a matter of fact, subsequent events have been developing in the way unanticipated by both Russian mainstream foreign policy experts and many Western Russia and China experts.

THE MYSTERIES OF BILATERAL TRADE

In May 2014, Putin paid an official visit to China, the first one after his “turn to the East” band had started to play the tune. The results were indeed impressive. Besides more than 50 agreements signed in different economic and technical fields, a landmark gas deal, negotiated for ten years, was finally struck. Russia’s biggest gas company Gazprom and the Chinese giant CNPC agreed to the joint construction of a 4,000 km-long Power of Siberia gas pipeline with around \$400 billion investment and \$25 billion advance payment from China. It was said that in five to seven years the annual supply of the Siberian gas to China would amount to 38 billion cubic meters, starting with 5 billion cubic meters in 2018-2019. The agreement was signed for 30 years. Neither side disclosed the exact formula of the gas price. It was made public, however, that the latter would be pegged to oil prices. The whole deal, albeit important, impressive and long-awaited, looked as having more political significance than commercial value. Indeed, with the future

of oil prices difficult to predict, there were strong doubts about the overall profitability of the pipeline (Zhitkova, 2015).

In October 2015, Chinese Premier Li Keqiang paid a working visit to Moscow, meeting with his Russian counterpart Dmitry Medvedev. Once again, there was an impressive political orchestration. Russia and China signed around 40 commercial agreements in the energy, banking, transport, aeronautics, and agricultural fields. The two premiers proclaimed an ambitious goal to increase bilateral trade to an unprecedented \$200 billion by 2020. The Russian mass media were quick to declare that the Chinese premier's visit had laid the foundation for stable bilateral economic cooperation in the next 20 to 30 years.

In late October 2014, there came the first signs of Chinese financial aid to Russia. Beijing provided Moscow with a \$4 billion credit to purchase Chinese technical equipment and consumer goods (Vassiliev, 2014). This time, however, the leaders' warm embraces and the media's fanfare were accompanied by a more sober approach of the expert communities from both countries: "We should not simply applaud with joy but find real sore spots and discuss them specifically. The basis for 20-30 year-long cooperation is unlikely to be that much stable because the global [economic and political] environment is extremely precarious and turbulent" (Georgiev, 2014). Some Russian international relations experts even went as far as to state that Russia's "turn to the East" had decelerated considerably (Karaganov and Makarov, 2014).

Such caution soon proved reasonable. In January 2015, Sino-Russian trade decreased by 36.4% in annual terms. China's exports to Russia fell by 42.1%, while imports from Russia dropped by 28.7% (Bondarenko and Korolev, 2015). Beijing explained this fact by a seasonal decline in business activity in the country on the eve of the Lunar Year celebrations. Bearing in mind that the Chinese officials are traditionally reluctant to openly hurt Moscow's feelings, and would not like to lose face after their own optimistic declarations, this explanation looks nothing but a politically correct excuse. In 2015, the Lunar Year celebrations started in China in February, so in December 2014 and January 2015 Chinese business activity could not be responsible for

such an abrupt decline. Besides, over the same period, Chinese trade with the United States grew by 4%.

The last year of substantial growth in Sino-Russian trade was 2012, when it rose almost by 12%. However, in 2013, quite suddenly, the growth rate barely exceeded 1%. Russia dropped to 10th place among China's trading partners, losing to Brazil. Russia's share in China's foreign trade turnover reached only 2%. China, on the other hand, remained Russia's leading trade partner, while Russian exports to China decreased by 10%. Russia's overall export fell in 2013 by 0.5 percent. This time Beijing tried to explain these figures by a decrease in the global demand. Nevertheless, in 2013 Chinese overall export grew by 8% and import, by 7.3%. Trade with the U.S. increased by 7% and with ASEAN countries, by almost 11% (Novozhilov, 2013). In 2014, Sino-Russian bilateral trade grew, according to different estimates, from 1% to 6%. Russia sharply increased its crude oil export to China by 36%. However, the growth of Russian export to China was modest at around 4%. The overall volume of two-way trade in 2014 remained around \$90 billion (Tsyplakov, 2015).

What is seen quite clearly behind all these vicissitudes is stagnation. The main reason is that the Russian economy of today's size and condition simply cannot produce enough added value necessary to generate a steady growth of trade with China. And it is not only the size that matters. Suffice it to look at the structure of bilateral trade. Despite Moscow's declarations to improve the structure of Russian export to China by making it more value-added, the share of raw materials has been growing consistently since 2009 and exceeded 75% in 2014. The volume of Russian import of machinery, equipment and other processed goods from China is 66 times bigger than the volume of its export to China (Drobyshevsky, 2015).

Sufficient growth of bilateral trade is technically possible, but only if Russia makes a drastic increase in oil, gas and timber export to China. But such efforts, however, would run into two fundamental obstacles. One is that Russia must considerably invest in the extraction of raw materials and infrastructure in its East Siberian and Far Eastern regions. Such investments look highly unlikely now, with Russian

mining and banking sectors remaining under Western sanctions and oil prices falling.

The other obstacle concerns China and has to do with its economic restructuring and macro misbalances, which lay certain constraints on the demand for raw materials. Chinese goods with a higher added value exported to Russia also need serious qualitative improvements to meet the needs of the Russian industry. After the Russian ruble lost almost half of its value in 2014-2016, the price of Chinese processed goods became incommensurate with their quality for Russian consumers.

In fact, already by the end of 2012, the Sino-Russian bilateral trade had reached its "ceiling." For both countries to jump over these limits means to profoundly change their respective economic strategies, which now seems highly improbable. In addition, in January of 2015, as a logical result of the general contraction of the Russian economy, Russian-Chinese freight turnover fell by 40% (Polubota, 2015).

Nevertheless, Moscow did its best to improve the situation. President Vladimir Putin visited China consecutively in 2015, 2016, and 2017, participating in several politically important events such as the Chinese military parade commemorating the 70th anniversary of the victory in WWII and the opening ceremony of the One Belt One Road World Forum in 2017. Each visit was accompanied by no less than 30 new agreements on economic cooperation. Each time both sides concluded that bilateral relations were deepening and broadening.

Despite the fact that the Power of Siberia gas pipeline began to look increasingly unprofitable after world oil prices had dropped to almost half in 2015-2016 and that Russia had not received the 25 billion prepayment promised by Beijing, Russia's Gazprom increased its own investment in the project from 76 billion rubles (\$22 billion) in 2014 to 158 billion rubles (\$44 billion), and by the end of 2017 managed to build almost half of the pipeline's length—around 2,000 km. The first gas supplies by the Power of Siberia pipeline are said to reach China exactly as scheduled—on January 20, 2019. In October 2017, the Chinese side intensified talks with Russia over the Western Route pipeline, which is to bring gas from Western Siberian oil fields to China. Originally, the main consumers of this gas were EU countries.

But here the Chinese proved to be hard negotiators indeed. The problem is that the cost of pipeline construction in Russia is, at least, one-third higher than the world average. Beijing did not want to take this into account and kept pressing Moscow to lower the gas price. The Russian side was understandably reluctant to do so, and the deal has not been struck so far. This seems to add to the growing irritation between Russia and China (Valeev, 2015). However, according to some analysts, Russia, facing considerable cooling of relations with Western Europe, will have to refocus, at least partly, its gas trade. As some experts point out, “Interdependence [between Russia and China] seems to grow. However, its looks increasingly asymmetrical. Russia needs China more than China needs Russia” (Purgin, 2016).

In 2016, the bilateral trade volume was again rising, reaching approximately \$70 billion. However, it was still \$20-25 billion lower than in 2012 and in 2013 (Alekseev, 2016). In 2017, trade rose almost 21%, reaching \$84 billion again, yet remaining below the best indicators of the previous periods. Overall stagnation seems to prevail.

BEIJING’S MYSTERIOUS INVESTMENT POLICY

With all the stagnation tendencies in Russian-Chinese trade, the financial flows between the two countries are even farther behind. In 2015-2017, China’s share in Russian foreign trade was around 10%, while China’s share in the FDI received by Russia over the same period was 5.4% (Feinberg, 2017). The Chinese FDI in Russia makes up only 1/12, or, according to other sources, even 1/14 of the overall \$100 billion of the Chinese FDI around the world (Osnovnye itogi, 2017). According to official, both Russian and Chinese, sources, the scale of Chinese investment activity in Russia is, by all standards, very modest.

More than 70% of the Chinese FDI in Russia are concentrated in the Russian Far East and Eastern Siberia. Most Chinese FDIs come to Russia from Chinese state enterprises or private companies closely affiliated with the state.

The Chinese FDI in Russia is extremely inconsistent. In 2011 it stood at \$2 billion; in 2012 it dropped to only \$660 million; and in 2013 there was a 518% upsurge to approximately \$5 billion. In 2014

there was also a tangible decline to \$1.4 billion, and the year 2015 saw something close to a freefall: the data differ from \$0,6 to \$0,8 billion. In 2016 there was again a rise to approximately \$1.5-1.6 billion (Anosova, 2016). According to Beijing's statistics, in 2017 Russia received \$3.3 billion more of Chinese FDIs than in 2015. All told, we can see tremendous ups and downs, but no qualitative breakthrough.

More than 70% of the Chinese FDIs in Russia go to the energy sector, forest industry and metallurgy. The Chinese are extremely reluctant to invest in the Russian infrastructure. According to some Russian experts, the Chinese are simply not confident of Russia's economic and political stability and that is why they tend to postpone long-term investments (Polubota, 2015). Besides, the traditional Chinese investment model used in industrially underdeveloped countries, where Chinese money arrives massively together with the Chinese workforce, is not suitable for Russia. Also, the insufficient quality of Russian institutions and widespread corruption is frustrating for Chinese investors who often complain of an "unacceptable Russian investment climate" (Kashin, 2017). The Chinese are ready to sign investment agreements with Russians to save their political face, but about 90% of such agreements remain nothing more than "letters of understanding" (Polubota, 2015).

Remarkably, Chinese investment in Russia began to decrease abruptly since the second half of 2014, exactly after Moscow's politically pompous proclamation of its "turn to the East." In September of that year came indeed an important sign that China tended to decelerate cooperation with Russia in the field in which Moscow not only desired Beijing's assistance most of all, but on which both sides had reached a fundamental agreement. The Chinese side decided to slow down the advance payment of \$25 billion, which it had promised to Russia within the framework of the "historic" bilateral gas deal signed in May during Vladimir Putin's official visit to Beijing. One of the explanations given on the sidelines was that the two sides still had disagreements over the issue of gas price. Another big deal concerning Chinese investments in the construction of the Moscow-Kazan high-speed railway, although widely discussed by both sides, did not come

true. Eventually, it turned out to be totally uneconomic. With the overall investment into the project amounting to \$30 billion, it would have paid off only in 60 years. The same was said about the pompously advertised Moscow-Beijing high-speed railway. Its price would have amounted to \$100-140 billion with no foreseeable prospects of becoming profitable (Inozemtsev, 2017).

China's position on cooperation with Russia became even more cautious after the West had slapped harsh sanctions on Moscow in the financial and technological fields and Moscow backfired with its "countersanctions," while the war in Eastern Ukraine continued, shattering the prospects for a feasible political settlement.

The devil is, however, in the details. And the most important detail is that Chinese money comes to Russia through U.S. banks. Russian financial experts fail to explain the reasons for this convincingly enough. One explanation is as follows: given that the Chinese yuan is non-convertible in the capital account, it is easier for Beijing to use American banks to turn a huge amount of domestic currency into U.S. dollars.

In June 2015, Deputy Chairman of the VTB bank Yuri Soloviev openly accused China of joining U.S. sanctions against Russia's banking sector. He said that after U.S. sanctions were introduced, Chinese banks had limited commercial operations with their Russian partners, making it extremely difficult to obtain intra-bank credits on the Chinese domestic financial market. Such operations need special permission from China's State Council, Central Bank, and the Ministry of Finance, while the procedure of obtaining such permission is extremely opaque (Kravchenko, 2015).

Faced with financial sanctions from the West and deceleration of investment from China, the Russian government looked seriously worried and on February 27, 2015, Russian Deputy Prime Minister Arkady Dvorkovich officially announced a Russian proposal to Chinese investors to buy a controlling interest in Russian strategic oil and gas fields. By all standards, it was more than a generous proposal, which, according to some, perhaps, radical views, bordered on high treason. Yet the Chinese side seemed totally unmoved.

Once again, all this was taking place against the background of both Moscow and Beijing pedaling the ceremonial side of bilateral cooperation. On May 5, 2015, Russian President Vladimir Putin and Chinese leader Xi Jinping triumphantly signed in Moscow a statement on the integration of the Chinese New Silk Road with Russia's Eurasian Economic Union. In May 2017, Putin took part in the no less "triumphantly successful" Silk Road summit. The latter was not marked by any tangible investment agreements between Russia and China. "The Chinese propaganda has already drawn a picture of comrade Xi's total success, and the presence or absence of business projects cannot change it. So, why make concessions to Russians?" (Gabuev, 2017).

So, how much does China really invest in Russia? Figures are debatable, to say the least. According to Russian statistics, in 2015 the Chinese FDI in the Russian Federation amounted to \$645 million. In 2016, the Chinese money inflow contracted almost by half to \$350 million. According to Chinese statistics, in 2015 Russia received around \$3 billion of the Chinese FDI.

Data on accumulated Chinese investment in Russia is also arguable: \$9 to \$14 billion by 2015, according to the Chinese Ministry of Commerce. In January 2016, the same Ministry named the amount of \$34 billion; yet later this figure never appeared either in Chinese or Russian sources (Kashin, 2017).

In the summer of 2016, the Chinese side suddenly informed Moscow (during a round of bilateral talks) that the actual volume of Chinese investment in Russia was \$32-33 billion. Beijing claimed the calculation was done manually in the course of a poll among Chinese companies engaged in actual economic interaction with Russia (Kashin and Piatachkova, 2016). I have strong doubts about these data. They could be well politically motivated, just to show Russia that the actual scale of Chinese investment is not that small, so the Russian partners have nothing to worry about.

In November 2016, the Chinese ambassador to Russia declared that the accumulated FDI from China had amounted to \$10 billion. In February 2017, the Chinese Ministry of Commerce once again came on the scene with a figure of \$42 billion.

Yet not only the true size of Chinese investment in Russia is a mystery, the origins of this money also seem impossible to determine, since for both countries the leading partners in the financial cooperation are offshores, such as Hong Kong, the Netherlands, Singapore, the Bahamas, and the Cayman Islands (Kashin and Piatachkova, 2016).

RUSSIAN "SURREALISTIC REALISM"

It is important to understand that Moscow turned to China for a "closer partnership" not only when Russia's economy started to crumble, but also when it became obvious that the expertise of its China analysts was not very efficient. There are many complicated and interrelated reasons for this. I would like to point here to three systemic causes.

The first one relates to the institutional and ideological legacy of what used to be Soviet studies of China. Modern China and especially China after 1949 as the fields of political and socio-economic research were perhaps under the strongest Marxist-Leninist ideological pressure compared to other fields of international studies in the Soviet Union. To some extent this was understandable since the main task posed by the Soviet leadership before sinologists was to prove that it was the Soviet model of socialism that was truly socialist, successful and legitimate, not the Chinese one. What followed was an annihilating criticism of Maoism and then Deng Xiaoping's "reform and openness" as fundamental deviations from Moscow's version of "the path to a bright future."

Such goal-setting formed very specific institutional, methodological and personal arrangements that are more suitable for producing propaganda leaflets than for elaborating balanced assessments and strategies. Ideologically these arrangements collapsed naturally with the collapse of the Soviet Union. However, some important features of Soviet studies on China, especially those regarding institutional and personal relationships, persist among a considerable part of sinologists in post-Soviet Russia.

The second systemic cause relates to the abhorrent economic conditions in Russia's scientific research throughout the 1990s and even the 2000s, with financing drastically reduced and the flow of new

generation of researchers dramatically running dry. Young specialists were largely busy with earning money by providing consulting services. This situation led to a recession in the field of Russian China studies, causing a methodological failure, blind repetition of Beijing's official statements, and indeed "surrealistic" expectations.

Finally, one should not underestimate the traumatic impact of the Soviet Union's collapse on the perception of modern China. Rising China serves as a mute reproach to the "failure of democratic reforms" introduced by Mikhail Gorbachev and the "tragedy" of anti-Communist "shock therapy" implemented by Boris Yeltsin. Ironically, the same people who denounced Mao Zedong and Deng Xiaoping as opportunists have made a U-turn in their minds and are inclined to think that both Chinese leaders were much wiser than their Soviet contemporaries—the former in fighting the "corrupt bureaucracy," and the latter in implementing market reforms under strict party-state control.

Clearly, such perception of the Chinese reform in Russia today has more emotional than rational dimensions. People tend to ignore or underestimate many factors of cultural, social, economic, and political nature. Many think that the Chinese "path of reform" is more efficient than the Soviet or the post-Soviet ones, and look at rising China as an "opportunity missed by Gorbachev," a paragon of development for Russia. Quite often they construe the rise of China in the Cold War paradigm, claiming that the Soviet leadership betrayed their own country, while China, due to "Deng Xiaoping's wisdom," came to the forefront of the global resistance to Western economic, political, military, and cultural expansion. Therefore, they believe it would be worth Russia's while to form a close political and military alliance with China. The obvious costs of such a step often stay out of their consideration.

There is indeed a kind of "surrealistic realism" in such perception of China, which often leads to fantastic expectations that Beijing would support Russia militarily or bail out Russian state and corporate budgets by bringing in suitcases of money simply because Moscow is defending its "national interests" in Ukraine against "Western encroachments." "After all, the Chinese 'golden rain' poured over Venezuela and Libya at one time," an expert told me in a private conversation.

It would certainly be wrong to present the case as if most Russian scholars are in love with China. The real picture is more complex. Along with those who count on a “strategic alliance” with China, there are those who utterly distrust Beijing and even speak of possible Sino-Russian armed clashes in the future. Others, of “pro-Western” liberal orientation, fear of too close relations with China for political and ideological reasons. Few experts—mainly economists and political scientists—indicate inner weaknesses of the Chinese economy, specifically the instability of the Chinese financial system, which makes close Sino-Russian financial cooperation counterproductive for Moscow (Karpov, 2012). However, in the frenzy of “turning to the East” the proponents of an “alliance” have proved to be most audible.

It is indeed startling how some Russian experts on China differ in their views on the present and future of Russian-Chinese relations. Alexander Lukin writes: “The development of the Asian part of Russia [...] is impossible without turning the consciousness towards Asia, without understanding that here are our economic and political partners, who are not inferior in value to the European ones...” (Lukin, 2015: 639-640). Yuri Galenovich, on the contrary, believes that “Russia and China are drifting farther away from each other, starting to feel emotionally and ideologically alien. Perhaps, the most possible future of Russian-Chinese relations is that of ideological alienation with, yet, a recognition of the need for eternal coexistence, a coexistence of Russian and Chinese national selfishness, burdened by each one’s pursuit of material profit” (Galenovich, 2017: 318).

In retrospect, the whole story of Russia’s “turn to China” during the year of 2014 looks like a political game which, after increased international isolation of Moscow, has gradually evolved into a forced and sincere search for possible ways to deepen cooperation with Beijing. However, this search lacks the knowledge of the Chinese economic and political reality and fine-tuning of Sino-Russian relations on the micro and medium levels. The latter circumstance is not least due to cultural differences between the partners and unclear prospects for fast profits. The Russian community of experts on China has failed

to supply the Russian leadership with this knowledge, partly because it lacked such expertise, partly because the Russian leadership, also somewhat captivated by China's apparent potency, was ready to listen only to what it wanted to hear.

BEIJING'S "RUSSIAN DILEMMA"

Western analysts are almost unanimous in claiming that China has been the biggest beneficiary from the confrontation between Russia and the West over Ukraine. This statement is basically correct. Yet there are other important Chinese domestic factors and considerations which are worth bearing in mind.

The Chinese political class and expert communities clearly split over the Russian issue in the Ukrainian drama. On the one hand, the notorious *Global Times* writes, that "...if Russia led by Putin is defeated by the West, it will deal a heavy blow to China's geopolitical interests." Western China observers reasonably concluded that "[Chinese] military analysts admire Putin and Russia's rejection of the West's global leadership" and this fact might influence "China's risk calculus in the hotspots such as South and East China Sea" (Goldstein, 2014).

In fact, not only military analysts but also a "party" of Chinese civil experts urged Beijing to back Moscow politically and economically. The proponents of this view stipulated, however, some conditions which Moscow would have to comply with in case it agreed to accept Beijing's aid. These conditions suggest that Moscow should make broad concessions to give China economic and financial preferences up to implicit possibility to revise territorial agreements. It was speculated that some people in Moscow tended to agree to some of these propositions, while most found them utterly unacceptable.

On the other hand, official Beijing keeps repeating that *Global Times* and "radical experts" are not a proxy of the Chinese government and reiterates its "longstanding position not to interfere in others' internal affairs" as well as its respect for "the independence, sovereignty and territorial integrity of Ukraine." Chinese leader Xi Jinping urged Moscow to cooperate with all the parties concerned "so as to safeguard regional and world peace and stability."

My private contacts with some high-ranking Chinese experts from the Academy of Social Sciences revealed that Beijing was dissatisfied with the fact that Russia did not give even a hint to China in advance about its plans with regard to Crimea and Eastern Ukraine. The talk about possible Chinese economic and financial aid to Russia usually led to many question marks. How? To whom? When? How much? In what concrete form? The Chinese were surprised that their Russian partners could have placed such great hopes on Beijing's assistance, implicitly assuming that Moscow was unaware of many "technical difficulties and obstacles" in the way of such assistance.

On the surface, China indeed played its part, however cautiously, in Russia's "Eurasian gambit." Obviously, the politically motivated signing of a long-awaited gas deal took place in April 2014. Chinese Premier Li Keqiang's visit to Moscow in October of the same year was quantitatively fruitful. Beijing granted Russia a couple of tied loans to buy Chinese food and light industry products. Still, the political language of the Chinese side was invariably calm, sometimes even ambiguous.

It is undoubtedly true that China may relish the prospect of fishing in troubled waters of the disagreements between Russia and the West. It may also be true that Beijing—in principle—has nothing against gaining as much economic, financial and even political preferences in Russia as possible. However, all this has its price and limits. It was not in Beijing's calculus to have a full-scale confrontation, to say nothing of a new edition of the Cold War between Moscow and the West. The Chinese were also far from happy to see the first signs of the Russian economy melting down in the fall of 2014, reasonably fearing its eventual collapse. It was the succession of events in the second half of 2014 that made Beijing quite annoyed, forcing it to adopt "wait and see" tactics.

Chinese Russia studies are larger in scale, than Russian studies on China. According to incomplete data, there are more than 70 educational and analytical institutions, including Russian language faculties at Chinese universities, that engage in monitoring and studying Russian developments. They also enjoy better financing than their Russian

counterparts. This, however, does not make them free from problems, fantasies and misinterpretations. Chinese Russia experts still operate within certain ideological limits and propaganda schemes, and are prone to self-censorship. The fundamental issue that continues to haunt them is how to find both a convincing and politically correct answer to the question of why the Soviet Union collapsed and how to assess Russia's post-Communist transition. This makes many of their perceptions and explanations of contemporary Russia incoherent, simplistic and sometimes frankly naïve, albeit truly "realistic." In an attempt to kill two birds with one stone, that is, to sound both professional and ideologically loyal, they often follow in the footsteps of Russian official authoritarian verbal clichés. Chinese Russia experts may know well Russian developments factually, but not necessarily understand their cultural and political contexts.

To sum it up, by late 2014 the Chinese leaders became finally aware of the fact that they could not fully comprehend the dynamics, direction and possible outcomes of Russian-Western relations, the Ukraine crisis and Moscow's domestic policies. At the same time, China was far from eager to pay for the risks of Russia's unpredictability on both foreign and domestic fronts. Moscow's policy had moved beyond the limits of profitability that Beijing could have derived from the conflict between Russia and the West.

SINO-RUSSIAN RELATIONS IN THE MEDIUM TERM:

PARTNERSHIP, ALLIANCE OR GROWTH OF MUTUAL "FATIGUE"?

So, what was (is?) the Russian "turn to the East"? Let me quote one Russian expert, whose view I largely share: "Russia's acceptance of the 'Eastern choice' [since 2014] was forced and inconclusive. The turn to the East took place because Russia was unable to establish a fruitful interaction with the West. China also failed to develop equal relations with Western countries. The reasons [for Russia's turn to the East] obviously lie in geopolitics. That is why many [Russian] decisions about the Far East were taken without proper calculations regarding the chances for economic development and investment attractiveness" (Kozlov, 2016).

Some analysts say that too little time has passed since the “turn to the East,” so one should not be disappointed by its so far modest effect. “Russian-Chinese strategic partnership still lacks strategic depth and global perspective. Perhaps, the model of deeper cooperation may take shape as the center of “Greater Eurasia.” China will play the leading economic role. Its domination, however, will be balanced by other partners—Russia, India, and Iran (Bratersky and Zorile, 2016).

I am doubtful about both the time factor and the potential progress of the “Greater Eurasia” concept. In fact, in the past 15 years there was enough time, space and opportunities for Russia and China to become closer partners and even allies. “Greater Eurasia” seems to me a kind of not well-founded perspective. Basically, the problem of Russia’s “turn to the East,” indeed incited by geopolitics, is structural and cultural. Structurally and culturally today’s Russia remains a big Eastern European country, which has rather precarious relations with its Asian neighbors with which it is indeed destined to live in eternal coexistence.

Regarding relations between Moscow and Beijing, I completely exclude any possibility of a Sino-Russian political and military alliance with a clear anti-Western orientation. On the other hand, bilateral assurances of maintaining “strategic partnership” will continue. However, mutual distrust is also likely to grow considerably, nourished by stalemates in economic cooperation, unfulfilled promises, cultural differences, Beijing’s disillusionment with Moscow’s unpredictability, Russia’s dissatisfaction with Chinese pragmatism, and growing apprehensions over Beijing’s true intentions regarding Russia.

Although the following scenario may look somewhat unrealistic now, in due time Russia’s approach to the West may take a friendlier turn. The economic and political resources available to Russia in the medium term will inevitably push it towards this option. Besides, with a century-long history of Russia’s sudden and drastic changes in the domestic and foreign policy, this scenario looks even more plausible. In fact, repairing Moscow’s relations with the West—despite current obvious and significant obstacles—may be structurally easier than jumping beyond the natural limits of its economic, cultural, and political interaction with China.

The combination of these factors in the medium term (three to five years) may lead to what seems now quite an improbable situation where Russia-West relations will substantially stabilize while Sino-Russian interaction will perceptibly cool off. I am not trying to predict the beginning of a Russia-China confrontation. What seems to be more plausible is that they may distance themselves from each other due to insufficient trust, objective limits of their interaction, and mutual fatigue.

The verbal framework of "strategic cooperation" between Moscow and Beijing may even persist, but its real content may become even more modest than it is now.

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