

# ISAS Brief

No. 391 – 9 September 2015

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China and South Asia - VI

## Implications of Sino-Russian Ties for the Region

*Instead of viewing the growing links between China and Russia through the prism of Sino-American sensitivities, South Asian countries like India and Pakistan can benefit from plugging into this emerging Sino-Russian equation.*

Shahid Javed Burki<sup>1</sup>

### China and Russia: An Unequal Match

There was a time when the Soviet Union was by far the strongest country in the world of Communism. That was for about three decades after the emergence of the People's Republic of China in October 1949. Since 1979, when Beijing began to open its economy, the equation between the two sides has turned in China's favour. The gap

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widened after the collapse of the Soviet Union in 1991 when Moscow tried to chart out a new course for itself in both political and economic matters. It wandered around a great deal while Beijing made steady progress. It is only in geographical spread that China cannot match post-Soviet Russia. Russia's area of 6.6 million square miles is almost 44 per cent more than China's 3.7 million square miles. However, China's population of 1.4 billion is more than nine times Russia's 146 million. China also has a much bigger national product: US\$ 9.2 trillion compared to only US\$ 2.1 trillion for Russia. The Chinese economy, in other words, is more than four times the size of Russia's, but the Russian per capita income is 70 per cent higher than that of China's. Beijing has almost US\$ 4 trillion dollars of foreign exchange reserves as against Moscow's US\$ 467 million. What is also significant is that China is spending US\$ 132 billion on its military compared to US\$ 91 billion by Russia.

## **Global Realignment**

The act of disturbing well-established global political and economic orders creates confusion and uncertainty. For a couple of decades, the global system was unipolar. It was economically and politically dominated by one superpower, the United States. This began to change for a number of reasons. Among the more important of these was the strategic consequence of the dissolution of the Soviet Union in 1991. According to Joseph Nye of Harvard University, "With the collapse of the Soviet Union, the de-facto US-China alliance ended, and China-Russia rapprochement began. In 1992 the two countries declared that they were pursuing a 'constructive partnership'; in 1996 they progressed toward a "strategic partnership"; and in 2001 they signed a treaty of 'friendship and cooperation'".<sup>2</sup> That trend has continued.

A series of events since 2001 has brought Russia and China even closer. The buffeting that the American economy received from the Great Recession of 2007-09; the rise of the

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<sup>2</sup> Joseph Nye and David A. Welch, *Understanding Global Conflict and Cooperation*, New York, Pearson, 2012.

Chinese economy which, by one count, overtook the United States in terms of the size of its national product; and the redefinition of the role of the United States by its President Barack Obama – all these contributed to Beijing and Moscow coming closer to one another. As the American President gained more experience in dealing with world affairs, he came to believe that his country should be very careful in thinking of using its military might to bring order whenever disorder emerges in some part of the world or other.

The “Obama doctrine” has had profound consequences for the global order. However, it does not mean that the United States is totally withdrawing from the global stage. This was evident from the way Washington responded to the expansionist instincts of Russia’s President Vladimir Putin, especially when that was aimed at compromising the independence of Ukraine, one of Russia’s large neighbours. Washington, working with the European capitals, sought to isolate Moscow. Russia was pushed out of the Group of Eight (G8) cluster of economies which once again became the G7. A series of sanctions was imposed on Russia by the United States and Europe which seriously hurt the Russian economy. Taking note of these developments, Washington issued strong warnings to Moscow. But these were largely ignored by President Putin. This raised the question whether a stable global order could be built by excluding a country as large as Russia. Or, if Russia were to be accommodated, what should be the terms on which it could be included?

### **Assertive Russia aligning with China**

Some answers to these questions were provided by Russia itself as it sought to forge a close relationship with China. For Beijing and Moscow it made sense to work together to protect their perceived national interests. In spite of the pressure by the West, Russia continued in its attempt to keep Ukraine in its sphere of influence in some form or other. Russia did not confine the projection of its military power to East Europe. In early-September 2015, it took some steps to position its military in Syria with a view to

providing support to the faltering regime headed by President Bashar al-Assad.

The escalation of verbal conflict between the United States and Russia took a heavy toll on the way the Russian citizens viewed America and the Americans. Jacob Pousher of the Pew Research Center summarised his institution's relevant findings. The data were especially revealing when China was brought into the picture. In just two years, from 2013 to 2015, favourable views about China had jumped 17 percentage points among Russians, from 62 per cent in 2013 to an all-time high of 79 per cent in 2015. Meanwhile, favourable views about America took a nosedive, declining from 51 per cent to 23 per cent in the same two-year period. Another measure of attitudes between nations used by Pew is whether or not people believe that a country respects the personal freedoms of its citizens. By that measure as well, China's stature rose in the eyes of Russians while that of the United States fell. In 2008, 66 per cent of Russians said the US respected the personal freedoms of its people, but that number fell to only 41 per cent in 2015. In contrast, the share of Russians who say that China respects the personal freedoms of its people rose from 39 per cent in 2008 to 59 per cent in 2015. The Russian view of US President Barack Obama fell to only 11 per cent while 86 per cent said they did not have confidence in his ability to handle international affairs.<sup>3</sup> It was clear that the Russian citizenry would be in favour of Moscow drawing closer to Beijing.

A personal rapport had also developed between President Vladimir Putin and Chinese President Xi Jinping. When the Russian President travelled to Beijing on 3 September 2015 to participate in the 70<sup>th</sup> anniversary of China's victory over Japan in the Second World War, the two presidents had already met a dozen times. "The friendship between Mr. Putin and Mr. Xi has been striking and captured the attention of both countries because each man likes to project an image of power and even daring", wrote Jane Perlez and Neil MacFarquhar in an article for *The New York Times*. "At global gatherings, they almost strut on the stage together".<sup>4</sup>

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<sup>3</sup> Jacob Pousher, "Russians warm to China as relations with U.S. cool", Facttank: News in Numbers, Pew Research Center, 8 July 2015.

<sup>4</sup> Jane Perlez and Neil MacFarquhar, "Friendship between Putin and Xi becomes strained as economies falter", *The New York Times*, 3 September 2015, p. A1 and A5.

There was an expectation that the trade between the two countries will increase to US\$ 100 billion by 2015, possibly US\$ 200 billion by 2020. This is on track. The linchpin of the relationship between the two was the 30-year deal concluded in May 2014, according to which China was to purchase natural gas from fields in Eastern Siberia for a reported price of US\$ 400 billion, with the first delivery to take place sometime between 2019 and 2021. During the signing in Shanghai, Mr Putin claimed that the deal was an “epochal event”. But the price was never formally announced, and it is possible that, with the now-plunging price of energy, the deal may have to be renegotiated to China’s advantage. Another agreement for the delivery of natural gas from Western Siberia was signed by Mr Xi and Mr Putin in November 2014 in Beijing, but a formal contract that was supposed to have been concluded during the September 2015 visit by Mr Putin, was not done. A fast-rail link between Moscow and Beijing was agreed upon, with the first 500-mile stretch between Moscow and Kazan scheduled to become operational before the 2018 World Cup in Russia. Because of the weakening of the Russian economy, the Russian demand for Chinese manufactured goods is now down 40 per cent, and for clothing by 50 per cent, from September 2014. The volatile rouble had made the Chinese investors wary, and the attempt to have the countries’ banks to work together has not borne fruit. The economic downturn in both countries – much more severe in Russia than in China – has taken its toll on what was once billed as one of the more important relationships of the first half of the 21<sup>st</sup> Century. The two leaders may like to strut together on the global stage, but they cannot overlook their economic compulsions in defining the relations between their nations.

## **South Asian Response to the China-Russia Alignment**

For decades the South Asian nations had aligned themselves differently with Beijing and Moscow. Pakistan drew close to China, calling it “an all-weather friend”. This often-used phrase was meant to distinguish it from Pakistan’s on-and-off relationship with Washington. Of the three periods of Pakistan’s close relations with the United States, two

– in the 1960s and the 1980s – were directed at preventing Moscow from advancing towards Central and South Asia. India, on the other hand, under Prime Minister Jawaharlal Nehru, New Delhi promoted nonalignment as the preferred approach on the part of the developing world towards the two super powers of the Cold War era. While Pakistan is likely to draw even closer to Beijing now, India is moving towards the countries that fear the increasing Chinese influence in the Pacific and Asia. The ‘One Belt, One Road’ infrastructure development programme launched by China is likely to cost hundreds of billions of US dollars but will create an impressive network of roads, railways, gas- and oil-pipelines that will tie China with West and Central Asia as well as the Middle East and Europe. There is an expressed Russian interest in becoming a part of this infrastructure complex. The fast-railway link between Moscow and Beijing will most likely become a part of this grand system.

It would be prudent of South Asia to benefit from this planned connectivity rather than attempting to become a player in the China-United States “great game”. India should also join this grand infrastructure project rather than partnering with Washington, Tokyo and Canberra in the attempt to contain China.

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